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# Latin America Report

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28 September 1982

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No. 2580

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## BRIEFS

OIL PRODUCTION--Buenos Aires, Sep (TELAM)--Government Oil Deposits [YPF] has reported that oil extraction during the first 8 months of 1982 reached 18.54 million cubic meters, as compared to 18.92 million cubic meters during the same period in 1981. YPF also reported that the Argentine oil enterprise "Occidental" has discovered hydrocarbons in the area of Malargue Sur, in Mendoza, where the enterprise is operating under a risk contract. [Buenos Aires TELAM in Spanish 2015 GMT 9 Sep 82 PY]

CSO: 3010/2322

## BRIEFS

OIL PRODUCTION INCREASE--ACIPET (Colombian Association of Petroleum Engineers) yesterday announced an increase of 9.6 percent in the nation's petroleum output during the first half of this year. During this period of time as a matter of fact, petroleum output came to 25,400,000 barrels, as against 23,100,000 during the same period of time last year. ACIPET indicated that ECOPETROL (Colombian Petroleum Enterprise) in June of this year, along with the associated companies, that is, Chevron, Colcito, Hocol, Intereol, Terra Resources, Texas, and Petrocol, achieved an average daily output of 139,425 barrels. This represents an increase of 7.5 percent compared to the average daily output during the same month in 1981. The total output of the companies mentioned in 1981 came to 23,178,416 barrels. During the first half of 1982, the slowest production month was February, with a total of 3,950,044 barrels and the biggest output month was March with 4,400,000 barrels. This amounts to an increase of 11.3 percent. [Text] [Bogota EL TIEMPO in Spanish 20 Aug 82 p 5-E] 5058

CSO: 3010/2240

## BRIEFS

UTILITY PURCHASE--Roseau, Dominica, 15 Sep (CANA)--The Dominica Government today announced plans to acquire the 51 percent shareholding of the London-based Commonwealth Development Corporation (CDC) in the island's electricity company by year end. A government statement quoted Prime Minister Eugenia Charles as saying that discussions had already been held with CDC on the matter, and that the shares now owned by the corporation will be sold to the public. At present the Dominica Government controls 49 percent of the shares in the utility company. [Excerpt] [FL160245 Bridgetown CANA in English 1837 GMT 15 Sep 82 FL]

CSO: 3025/1149

## BRIEFS

VENEZUELAN DIESEL--St Georges, Grenada, 6 Sep (CANA)--Grenada is to receive a loan for 10,000 barrels of diesel oil from Venezuela to be used on road construction projects throughout the island, the Government Information Service (GIS) said today. The agreement was reached at a recently concluded meeting of the Grenada-Venezuela Mixed Commission. The loan is payable over 40 years at an interest rate of two per cent and with a possible five-year grace period. [Excerpt] [FL061635 Bridgetown CANA in English 1528 GMT 6 Sep 82 FL]

CSO: 3025/1151

## EDITORIAL SCORES GOVERNMENT'S ECONOMIC POLICIES

PY142246 Buenos Aires BUENOS AIRES HERALD in English 14 Sep 82 p 10

[Editorial: "Full-Circle"]

[Text] In 1976 the military took responsibility for an economy with accelerating inflation, rising unemployment, a high foreign debt, a jungle of protectionist barriers, multiple exchange rates that, on the whole, left the peso undervalued, price controls, and, staring it in the face the spectre of default. After over six and a half years during which the military have had near absolute power and could do whatever they pleased without considering the views of either the political movements representing the Argentine people or organized labour, inflation is accelerating, unemployment is on the rise, the foreign debt is higher than ever, protectionist devices are proliferating, the number of exchange rates is multiplying, the peso is, for all but the privileged few, undervalued, and the country is once again eyeball-to-eyeball with default. About the only thing left to complete the return to a situation so bad that many thought it was in itself enough to justify a coup and the subsequent elimination of union rights was the imposition of price controls. On Sunday the government remedied this by announcing that, from now on, over 500 leading firms would have to get official permission before increasing the prices of their products. This measure responded, according to the government, to the discovery that Argentina's industrial "structure" is largely "monopolistic or oligopolistic," words that, like the controls themselves, were fashionable before the coup.

At that time the country's economic failures were attributed to the system, based on state intervention in numerous fields, that had grown up over the previous thirty years or so but which bears a considerable resemblance to the economic systems of most other Latin American countries and, for that matter, Spain. One of the prime objectives of the "process" was to change the country's economic "structures" so that, by the diligent application of private enterprise, Argentina [would] start emulating the far richer developed countries. That attempt to make Argentina break free proved a dismal flop so now, even worse off than before, it is returning with relief to the prison it thought it had left behind forever. Despite official affirmations to the contrary it is probably only a matter of time before the government's economic policies are much the same as they would have been had the "process" never been imagined and the Peronists had remained in power, adapting their tactics as changing circumstances dictated.



There are, of course, plenty of sound political reasons for reviving price controls, not the least of them being the government's desperate need to seem to be doing something to protect the hardpressed consumer from the rapacity of tradesmen. Unfortunately, while the inefficiency of the distributing system, added as it is to the inefficiency of the manufacturing sector, may make prices far higher than they would be otherwise neither has much to do with the very rapid increase in these prices. This is due entirely to the inability of the government to live within its means and its habit of printing new money to make ends meet. Until this practice is brought to an end prices will continue to go up and, although price controls may restrain them for a while, they will eventually [words indistinct] pressure will become irresistible. Until this happens, moreover, the economy will be harmed by hoarding, double-invoicing, smuggling, and all the other ploys used by businessmen big and small when the state tries to bend market forces to its will. In the siege economy that is now taking shape these may be regarded as lesser evils. But the damage they will inflict will be considerable for all that.

CSO: 3020/175

FORMER ECONOMY MINISTER CAVALLLO GRANTS INTERVIEW

PY142355 Buenos Aires LA SEMANA in Spanish 2 Sep 82 pp 8-14

[Interview granted by former President of the Argentine Central Bank Domingo Cavallo to LA SEMANA correspondent Nestor Barreiro at Carlos Paz village on 26 August, 2 days after leaving his post]

[Text] [Question] What happened?

[Answer] It is possible that the president felt that my style and my insistence that we must be daring in the implementation of a given economic plan were not in keeping with the moderation which he believes must prevail during this period. I believe that the president does not feel that the government is ready to seek support through an economic policy, but rather through a faster compliance with the commitment to institutionalize the nation.

[Question] What do you believe?

[Answer] I believe that when the president was appointed he was convinced that significant changes were needed in the economic and social policies and that the most urgent problems had to be resolved.

I always felt, and I did convey my feelings to the president, that financial reform, excessive indebtedness and high interest rates had to be resolved as a prerequisite to overcome the problems, but that we should not stop there.

[Question] Precisely, you are being accused that these measures resolved the problems of the businessmen but not of the population in general.

[Answer] Well, our measures prevented further closing of enterprises, dispelled the threat of bankruptcy, set the economy into motion once again, enabled a rise in employment and laid the basis for a possible improvement of real salaries. However, I do agree that other ingredients were also necessary. Besides, we had to not only resolve urgent problems, but also negotiate the refinancing of the foreign debt in an honorable manner.

[Question] What do you mean? Our negotiations will not be honorable now?

[Answer] When one has to negotiate with foreign creditors while domestic policies are not properly outlined and the government is not convinced that they are the policies that must be implemented, conditions crop up together with alien attempts to impose foreign policies. I feel that we cannot go to the International Monetary Fund to renegotiate the debt and expect good results unless we first clearly define our domestic economic policy, unless we are absolutely convinced of its coherence and unless we have achieved the necessary consensus so that we will be able to tell them that our policy is the right one and that the people support us.

[Question] Did Dagnino Pastore share your feelings?

[Answer] The minister and I talked about it a great deal and we had outlined a plan for domestic reactivation which could have yielded very good results, a plan which would have given us the strength necessary to negotiate with foreign creditors.

[Question] The president did not agree with the plan?

[Answer] I believe that in general terms the president is convinced that the economic policy should be handled along the lines of this plan.

[Question] Then why did Dagnino Pastore resign?

[Answer] The thing is that there are many people in Buenos Aires who feel that the proper strategy is a different one. When you hear Mr Hirsch (Jacques Hirsch, chairman of the Industrial Union), saying that in order to negotiate the foreign debt abroad we need a person with prestige, what he is really saying is that first we must solve the problem of foreign debt and then seek solutions to domestic woes in keeping with the possibilities resulting from the renegotiation of the foreign debt. This attitude is shared by many directors of a few national but mostly foreign banks. These are two different viewpoints. There are some persons who see Argentine problems from the outsider's point of view.

[Question] What do you mean they see the problems from the outsider's viewpoint? Could you explain this?

[Answer] There are many persons who, before starting to analyze the problems of the nation, first ask themselves how foreign bankers and international financial organizations see us, how the U.S. and European governments see us and what the aspects are that they believe Argentina must take into account for its economic policy in order to keep them happy and what the conflicts are that we may have with them if we do this or that thing. From there on they outline their proposals for domestic policy.

[Question] Would you say that this is an inferiority complex, lack of faith in the nation or simply an absolute lack of patriotism.

[Answer] I believe that it is merely a difference of viewpoints regarding what is more important in order to allow Argentina to achieve economic, social and political success. I believe that it has a lot to do with the geographic and physical environment that surrounds one. I realize that in Buenos Aires the people who operate in the world of finance have close contacts with foreign banks and governments and are strongly influenced by them. However, when you live in the country, like I do, you are more in touch with the people, with what the common people and the businessmen that direct their efforts and interests toward the country feel. I also believe that each nation must resolve its problems by trying to interpret the hopes, the needs and the conditions prevailing among its residents.

[Question] Was this your main disagreement with Dagnino Pastore and the reason for your resignation?

[Answer] I would say that we had few disagreements with Dagnino Pastore. I believe that he is the kind of economist who feels that first one has to find out what the Argentines want, but he was influenced by the environment in which he carried out his professional activities and it is in this environment that he has his main economic, political and other contacts. I believe that from the very day he took over the ministry he was subject to all kinds of pressures from people who wanted to halt the financial reform and the economic change which this reform implied.

[Question] Are these people, this environment, the same that surrounded Martinez de Hoz or to which Martinez de Hoz belongs?

[Answer] It is difficult to link groups to persons, but I noticed that the minister was greatly worried by the remarks of economic lecturers on radio stations, the ones that are awakened at 0700 in the morning and asked to analyze, while still half asleep, some subject about which they have not had time to think, thus forcing them to issue impromptu opinions. The minister was very worried about these remarks and these lecturers and I believe that the Argentines do not draw their conclusions on the basis, of what these experts tell them but on how long their salary lasts. These same lecturers spent the 53 days of our administration telling people "buy dollars! buy dollars!" On the grounds that the holders of savings accounts had no options left open, that they were being cheated and they forced many people to buy dollars which rose to 63,000 pesos while they were forecasting that it would go up to 100,000 pesos. Reality made the exchange rate go down, and I would like to know how these economists are going to explain to many people that they will now have to sell their dollars at 20,000 pesos less than the price they paid for them.

[Question] Please tell us some more about the environment which surrounded former minister Dagnino Pastore.

[Answer] This environment spent the 53 days of our administration watching the demoralization of the minister while trying to convince him that the expectations and desires of the international banking sector came before the desires and expectations of the Argentines.

[Question] Would that not be a kind of sabotage against a public official, a totally antinational attitude?

[Answer] I would not say it quite that way. I would say that it is a political and cultural attitude which many people have, an attitude which is contrary to that of most Argentines. Let us not see it as some sort of dark hand that is sabotaging the nation. What was going on was something much more simple. Anybody who failed to talk to me on the phone or to take me out to lunch, managed to go to lunch with the minister or make him go to some reception at which four or five persons would tell him "look, unless we ask for a standby loan, the foreign debt will not be solved, unless we reestablish relations with Great Britain there will be no solution, if you grant a salary increase we will have hyperinflation, if you let that madman Cavallo go on handling the financial system no one will sell foreign currency at the commercial exchange rate." They used to tell him things along these lines and the efforts to demoralize the minister were very...effective. They managed to make Dagnino Pastore feel that he was unable to reconcile all positions and aspirations. That is why he resigned. This is the way I believe it happened.

[Question] And why weren't you appointed minister as some said would happen?

[Answer] I do not know. A high-ranking government official who had been meeting with President Bignone came to see me Tuesday morning and told me that I was one of the candidates for the ministry. The other candidate was Dr Wehbe. He asked what my attitude was toward this responsibility or toward the possibility of working together with Wehbe as president of the Central Bank. Regarding the possibility of becoming a minister, I said that my attitude would be to implement the strategy of which the president was well aware and that this strategy was basically to complement the financial reform with a plan for domestic economic reactivation. As to working together with Wehbe, it would depend on what he could tell me because I knew nothing of his ideas. By midafternoon I received a call from [public works and services minister] Bauer who invited me to join him and the rest of the economic and social sector of the cabinet to draw up a communique which would announce the measures related to salaries and the economic reactivation that had been agreed upon, measures which were not in keeping with the program that I had taken to the president. From this I concluded that General Bignone had decided against implementing the strategy which I felt was necessary. I returned to my office and prepared my resignation. A while later I was told that Wehbe had been appointed minister. The next day the president asked me to lunch with him and I told him that I would give Wehbe everything necessary to preserve the continuity of what we had been doing up to that point.

[Question] Why did he choose Wehbe instead of you?

[Answer] I believe that the president felt that at this point the economic and social issue was less significant than I felt it to be. I hope the president is right and that we will reach March 1984 without social and economic issues hampering the institutionalization.

[Question] Does Wehbe and the environment that surrounds him believe that we must resolve our problems starting at home or starting abroad?

[Answer] We talked after I resigned and I found him to be well in the picture. I believe that he is fully aware that we must emphasize the changes in the financial field and not turn back. I believe that he wants to achieve an economic reactivation. He is also sensitive to social problems. I hope that he will feel the pressures and influences of the environment less than Dagnine Pastore did.

[Question] You said that Wehbe is sensitive to social problems. Does this mean that this sensitivity was not there before?

[Answer] The economic policies implemented before June this year, that is before we took over, with the exception of a few phases of Viola's administration, did not include care for the income of the people among their main characteristics.

[Question] What did the chairman of the Bank of England want you to do?

[Answer] I received a telex from the chairman of the Bank of England who suggested that as president of the Central Bank that I should inform our government that the lifting of economic and financial sanctions would be convenient. I felt that we should under no circumstances apply pressure to facilitate our own economic management through measures which could be very costly in military and political terms, and even in terms of national dignity. I did not heed the advice I had been given and merely let the foreign minister know about the telex through the economy minister. Further negotiations were conducted by the Foreign Ministry. I did not conduct nor authorize any negotiations because it is my opinion that a subject which has cost so much in terms of human lives, morale of the population and problems within the armed forces, is more important than purely economic issues. I told the bankers who came to see me about this problem that they had enough imagination to find practical solutions to the lack of normal relations without forcing the government, the armed forces and the Argentines in general to accept a situation, which for the time being we are not prepared.

[Question] Why do the U.S. banks insist so much that we should normalize our relations with Great Britain?

[Answer] Because together with Great Britain these banks hold certain syndicated loans granted to Argentina and when we fail to pay the percentage due to the British banks, the U.S. banks have to pay it.

[Question] Could you explain this more fully?

[Answer] If we pay 100 percent of a given loan then there are no problems, the British banks collect their share and the U.S. banks collect theirs. However, if we pay only the 80 percent due to the U.S. banks and fail to pay

the 20 percent due to the British, the U.S. banks have to give the British a proportionate share of what we have paid them. The U.S. banks are saying that we are harming them and helping the British. I believe that they should be able to find practical solutions to problems stemming from an agreement which they have made, without forcing us to lose our national dignity.

[Question] Let us now speak about our foreign debt. Don't you think that almost \$40 billion is a very high figure?

[Answer] It is very high in relation to the low rate of capitalization of our economy, especially during the last 6 years. All these reports that Martinez de Hoz issued on what was invested in public projects are meaningless. The debt is also severe because many loans are falling due at the same time and this forces us to negotiate extensions and additional aid to be able to pay part of the interest.

[Question] Everybody is talking about refinancing the debt but no one is talking about paying it.

[Answer] In order to pay we must have a trade surplus. Argentina could come up with a \$4 billion surplus per year, that is, it could pay \$3 billion in interest and \$1 billion in amortization.

[Question] This means 40 years to pay off the debt?

[Answer] Well, not quite because if the nation starts to grow and export more a \$30 or \$35 billion debt could be perfectly managed and there is no need to pay it off.

[Question] Why is there a concentration of payments due? Were the loans contracted incorrectly?

[Answer] Of course. A terrible policy for contracting debts has burdened the nation--by accepting loans payable in 180 days--with the same problems that the enterprises faced because they contracted with the banks debts payable in 30 and 60 days. This policy was prompted by the offers of international banks and the need to finance the fiscal deficit, the deficit of the enterprises.

[Question] The state enterprises?

[Answer] Yes, the state enterprises and to finance nonproductive public projects such as the highways.

[Question] All these loans were contracted by Martinez de Hoz?

[Answer] Yes, all of them. Initially they set the terms of payment for incoming loans at no less than 2 years but at the end they were even accepting loans payable in 30 or 60 days.

[Question] Is the environment or the people who pressured Minister Dagnino Pastore connected with those who shared Martinex de Hoz' administration?

[Answer] Among those who supported Martinez de Hoz there were some who had very good ideas, but the group which puts foreign interests before ours prevailed. These pressure groups gained strength during Martinez de Hoz' administration and their position prevailed with regard to the foreign debt.

[Question] And this pressure group...

[Answer] ...it has stayed on. I believe that during Martinez de Hoz' administration political power was concentrated in the hands of minority groups closely related to the international banking sector and certain very close-knit Argentine banking or industrial circles.

[Question] Did this go on under Minister Alemann?

[Answer] He tried to gain some ground but obviously did not manage to do it. This imbalance within the political framework as a result of which a minority group acquires a significance far greater than it should is similar to what once happened with the labor unions. Under Martinez de Hoz an attempt was made to replace union power by international financial power, obviously with other beneficiaries in mind.

[Question] Then the claim which the government proudly made that the international banking sector was backing up Martinez de Hoz' administration was not really good for the nation?

[Answer] When the international banking sector is backing up a minister to carry out a national development plan through the capitalization of the productive sector, this support is good. However, if a minister obtains support for loans payable in 180 days in order to finance public deficit or to build highways, it would be better if he were denied this support. The fact is that the international banks are not to blame, they just want to offer their services and collect interest. The problem lies with the domestic policies that were designed.

[Question] Wasn't the government being considerably naive when it allowed the economy minister to take his entire economic team to Iguazu in order to meet with an international banker?

[Answer] There are different styles of handling the economic policy of a nation regarding the international banks. Someone who did not belong to that environment would have not thought about doing something like that. I would have not thought of doing it.

[Question] After the support which the United States gave to Great Britain during the war for the Malvinas, must we negotiate with them as if nothing happened?



[Question] We must not withdraw and isolate ourselves from the world because of the attitude of the governments of the United States, Great Britain and certain European nations. Under no circumstances should we adopt an inflexible attitude, but neither should we allow the outcome of the war to lead to further deterioration of our economic and social status quo, neither should we yield to pressures. We will have a better chance to avoid all this if we resolve our domestic problems and clearly outline our economic policies.

[Question] What do you think Wehbe will do?

[Answer] I believe that he will try to carry out a policy similar to the one I proposed although he might use a different style and emphasize different aspects.

CSO: 3010/2322

## PAPER DISCUSSES UNFREEZING OF UK FUNDS

PY160303 Buenos Aires CONVICCION in Spanish 14 Sep 82 p 1

[Unattributed article entitled: "Exclusive: The Secret History of a False Financial Unfreezing With Great Britain Set for Yesterday"--passages between slantlines published in boldface]

[Text] Yesterday's evening newspapers asserted in very similar reports that /Argentina and Great Britain would simultaneously lift their respective financial measures./ The report was based on news agency items originating in London that indicated that the /Bank of England/ had sent a telex message to the /Argentine Central Bank/ proposing a reciprocal lifting of the financial sanctions at /1800/ (Buenos Aires) [2100 GMT]. As the afternoon waned, communique and conversations indicated that /this was not the truth./

Once again /Argentina/ found itself face-to-face with a maneuver that had the intention of smearing our country, of destabilizing the /government/ and of spreading concern among the members of the /armed forces./

The fact that the maneuvers were not carried out entirely by the British is not the most serious point. The very serious point is the fact that /Argentines participated/ in the maneuvers, eminent members of the declining /"financial fatherland"/ [referring to those who only think about money and who have always wanted rapprochement with Great Britain], who in their "unofficial" talks in /Toronto/ and the direct persuasion that they carried out in /London,/ induced the British to act as they did.

Despite the secrecy that surrounds this propagandistic aggression, we have been able to determine, through very reliable sources, the following:

- /1. There has never been any type of mutual agreement between Argentina and Great Britain./
- /2. The proposal regarding the lifting of the restrictions is an entirely unilateral decision made by Great Britain./

/3. Wehbe delicately avoided any type of contact with official and private British representatives./

/4. The British telex message concretely speaks of mutually lifting the financial restrictions, but it adds that "other measures" will also be taken into consideration. In this respect, the Central Bank has asked for a clarification and a definition regarding the nature of those "other measures."/

/5. It is absolutely not true that Argentina, as the news agency reports from London indicate, has accepted, even tentatively, unfreezing the British funds in our country./

/6. Argentina will only begin to study whether it is convenient to make a decision regarding reciprocity only when the Bank of England clarifies the contents of the telex message./

/7. It is absolutely not true that Argentina is going to consider any other type of measure, such as the formal "cessation of hostilities," or the variations that have political and military connotations./

Having made these very important reservations, we can add that the possibility that /Argentina/ will accept a reciprocal lifting of the economic restrictions cannot be rejected for two reasons:

/1. Our negotiating position regarding the Malvinas case in the United Nations will have improved. Some European countries could lean toward our position./

/2. The unfrozen funds will serve to reactivate industrial production and to cancel our external debt./

But, it must be made very clear that, despite the maneuvers--which are not compatible with national ethics or with the duty that is implied in one's allegiance to the nation--that are being deployed in /London/ and /Buenos Aires/ by /those who worship the golden calf,/ the /armed forces,/ expressing the overall feelings of the people, will not allow money to convert the lacerating memory of our dead, our wounded and our mutilated into something sordid.

/We very strongly assert,/ that any type of information that reports the contrary is erroneous and responds to the machinations of the traitors.

CSO: 3010/2322

## ELECTRONIC AIR DEFENSE, AIR FORCE REEQUIPMENT DISCUSSED

## Electronic Air Defense

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Aug 82 p 164

[Article by Roberto Godoy]

[Text] It was Friday 9 April. In the air controllers' dayroom, the atmosphere was one of absolute boredom. It was raining heavily, the temperature was falling rapidly, and there was a strong wind. In the small and windowless room, its walls covered with framed pictures of rural scenes, three technicians were complaining about their bad luck: there were no new magazines to read, two pieces were missing from the domino set, and--even worse--someone had left the lid off the thermos bottle, and the result of that carelessness was 1 liter of ice-cold coffee.

The previous day had been one of wild activity, with the Combined Air Safety and Air Traffic Control Center [CINDACTA] operating at full throttle using a full crew and even occasionally calling in extra help to deal with the exceptional demand that occurs during all long holiday periods and especially during Holy Week. Those shifts had seen a lot of "controlled tension," as it is called by the specialists responsible for regulating the movement of civil or military aircraft over the country's most important area: the economic and industrial core comprised in the polygon whose vertexes are the cities of Cachimbo in Para, Porto Nacional in Goias, Bom Jesus da Lapa-Caravelas in Bahia, Curitiba in Parana, and Cuiaba in Mato Grosso. The area takes in the states of Sao Paulo, Rio de Janeiro, Minas Gerais, Espirito Santo, Parana, Mato Grosso do Sul, Para, Goias, and Bahia, as well as the Federal District. Traffic increases on weekends, and that is how it was on Thursday 8 April--the superaccumulation of passengers, the extra schedules, and small executive aircraft were relentlessly congesting all the routes and requiring full electronic coverage.

On Friday, there was tranquillity. It was so calm that in the building housing the Control Center, only three display terminals were operating to keep track of routine flights by a few commercial aircraft. The newspapers were reporting the escalation of fighting in the South Atlantic, but different matters were being discussed in the small dayroom: the purchase of an electric coffee maker and preparations for the World Cup tournament in Spain. One controller was making out his shopping list for the barbecue he was going to have on Sunday

for relatives from Rio de Janeiro. On the back of a piece of cardboard, he wrote: "Six people, 12 beers, 3 kilograms of rump roast, 2 of ribs."

It was then that the Cuban airplane appeared on the radar screen.

#### How Brazil Defends its Airspace

At first, the Cuban plane was only a "plot"--a signal picked up on the screens. Within seconds, it was confirmed that an unidentified flying object had been detected moving through Brazilian airspace. The sleepy atmosphere vanished. In CINDACTA's off-limits Military Operations Center [COPM], activity passed to the first stage of a feverish procedure. Basically similar to its neighboring section, which takes care of civilian situations, the COPM has remarkable resolution capability backed up by sophisticated computers manufactured by France's Thomson-CSF [Thomson-General Wireless Company]. On that night there was only a verbal check between the two sections--a formality to confirm the obvious: there was an invader in the country's skies. In the permanent semidarkness of the center, only the small lights of the digital terminals were flickering. A simple touch of a button was all it took to show the operator the range, speed, altitude, probable objective, and course of the aircraft. Time elapsed since the start of the escalation: 90 seconds.

The time for interception had come. On the desk of the officer in charge, a "hot" telephone is connected directly to the 1st Air Defense Group [GDA] at the Anapolis Base, 120 kilometers from Brasilia, where CINDACTA is located. It is not possible to say anything over that telephone, because its receiver is only symbolic. The fact is that as soon as it is lifted from its cradle, it sets off an alarm sending the supersonic Mirage-IIIIE fighter planes into action. The storm was continuing to beat down on the entire region, causing strong interference with communications. As bad luck would have it, the worst weather formation was stationed precisely over the center of the runway when the siren went off in the alert hangar. Aboard the unidentified aircraft, already classified as "suspicious," the pilot was trying to make the situation worse by maintaining radio silence and persisting in his apparent objective--that of freely crossing over one of the most sensitive sectors of national space, in which the capital, Brasilia, is located. On the ground, the first interceptor was warming up its SNECMA turbine--with 6 tons of thrust--on the takeoff ramp at Anapolis, which was illuminated by flashes of lightning under a dense electrical barrage. Just over 5 minutes earlier, next to the shelters where the jet planes are kept in readiness at the head of the runway, the pilot had been sharing a camouflaged trailer with two mechanics and a second pilot. They had been watching the religious epic "The Sacred Mantle" on a small television set until the transmission was interrupted by a power failure at the rebroadcasting transmitter. One of the maintenance technicians commented: "All we need now is an alert." And then the bell went off.

The second Mirage was quickly launched in precarious weather conditions. Carrying Matra-530 air-to-air missiles in addition to their 30mm cannon, the supersonic aircraft began to receive instructions directly from the COPM vectoring them toward the still-unidentified target. By that time, the entire chain at COMDA (Air Defense Command) had been activated to make decisions on such matters

as the allocation of weapons and attack strategy. The foreign invader finally decided to let himself be heard from. Speaking poorly and claiming to understand neither English, Portuguese, Spanish, nor French, he identified the craft as belonging to the Cuban Air Force and said it was "being used for diplomatic transport." He did not announce his destination or mention any possible passengers. He said only that he intended to land at the airport in the Federal District and referred to a previously requested authorization to make the flight and to stop for refueling. Actually, the request had been made, evaluated, and rejected. Should the aircraft--a heavy Ilyushin-62--return immediately to international waters? It would not be that simple, considering that a military aircraft occupied by a military crew from a country with which Brazil does not maintain diplomatic relations had covered a good portion of a potentially critical flight path inside our frontiers. But at that point, on being told that he must land in the capital, the IL-62's commander decided to continue his trip. Direct to Buenos Aires.

The position of the aircraft involved in the episode was then approximately 120 miles outside the security belt surrounding Brasilia. Visual contact revealed the profile of the large Soviet-built plane, powered by four turbine engines and capable of carrying 186 passengers or 200 paratroopers--and 13 automatic photographic cells for reconnaissance missions at medium ceiling height. Those facilities, however, were at the disposal of Ambassador Emilio Aragonés Navarro, his wife, and his grandson, "in addition to several official advisers." Resisting the orders from the Military Operations Center with double talk and maintaining the same suspicious altitude, the commander of the IL-62 brought the operation to a dangerously high level of risk. The two highest echelons of sectoral authority--Gen Joao Soares Nunes, commander of COMDA, and Minister of Air Gen Delio Jardim de Mattos--had been alerted. With the Cuban jet having been intercepted and now being kept within firing range, swift contact was made with Granja do Torto at the exact moment when the pilot was agreeing for the first time to speak--in English--with the FAB [Brazilian Air Force] officer in command of CINDACTA.

Joao Figueiredo, president of the republic, was clear: "We will follow the normal procedure for such situations." Civilian traffic, although light, was diverted, moved, and prepared for a possible closing of the airport. The man from Havana, pretending that there was a defect in the communications system, was sticking to his intention not to land when he was suddenly interrupted:

"Attention, LUT-1225, I have two armed fighter planes at your side. Take a look and make your decision."

"Roger! Roger! I am preparing to descend. OK! OK! We are going down. Going down, going down, all right?"

It was 2153 hours and still raining.

But that was not the end. Escorted by the fearsome Mirages, the IL-62 proceeded toward the runway in preparation for landing. It lowered its landing gear, and its wheels touched the concrete. The fighter planes were withdrawn. But suddenly, the Cuban plane rushed down the paved strip and took off again.

A new alarm was being sounded when the jet returned, having corrected its landing approach, which had been irregular the first time. On the apron, parked and guarded, the Ilyushin was carefully inspected. Confronted by Brazilian authorities, Ambassador Aragonez admitted the political pressure of the trip, which had been planned so as to make his arrival at Ezeiza Airport [in Buenos Aires] coincide with the arrival of U.S. Secretary of State Alexander Haig.

#### Fighter Pilot a Special Man

A fighter pilot is a rare breed: professionally cocky and naturally aggressive. He is about 30 years old, although the average age is growing younger. He is married and enjoys sports requiring speed and physical skill such as automobile racing, motorcycling, tennis, and yachting. The psychological profile drawn up by officers in the FAB's own medical corps corresponds only in part to the central figure at the forward airbase at Anapolis, headquarters of the 1st Air Defense Group (GDA, code name Jaguar), which is in charge of the supersonic Mirage-IIIE's (speed: Mach 2.2, or 2,350 kilometers per hour) and responsible for insuring the inviolability of the central airspace.

The daily routine at the base begins early with a meeting by the pilots for a long discussion, exchange of information, and instructions. The flight schedule, prepared the night before, begins--in peacetime--after that meeting. In the briefing room, the officer spends an hour preparing for the mission. He takes off and stays in the air for an average of 20 minutes. He then returns for the debriefing, during which he tells what happened: another hour. In the meantime, the film recording the exercises is being developed for use during the photographic critique. Then it is necessary to take care of all the administrative duties that are a normal part of a military career. An old problem is that everyone would like to devote himself exclusively to flying, "characterizing the professional force whose value has been emphatically proven in the South Atlantic war," as one pilot put it. The job's attractions are interesting. The military residential area is a very good one, with three- and four-room houses made available to the officers. Food is sold at cost in the base supermarkets, and in the dining halls it is free. The result is that out of their relatively low pay--on the order of 250,000 cruzeiros--it is possible to deposit 150,000 cruzeiros in a savings account every month--a total of 1.8 million cruzeiros per year. The effort demanded in return is correspondingly great. After all, the state of green alert--readiness--is permanent. For the purpose, there is a war room where control is exercised by pilots of the same hierarchical group--a means of saving time and avoiding the formalism inherent in relations between field officers and their subordinates.

At the head of the runway, under two open hangars forming a semicircle and opening onto the ramp, sit two Mirage-III's. They are fueled up and ready to receive the weapons (missiles, bombs, and rockets) that will be used. Between those two sheds, a trailer serving as a makeshift alert room houses the pilots and the maintenance crews. Normally, each shift makes a "sortie," almost always for training purposes. On those flights they intercept commercial airliners that do not even know what is happening--orders are to stay out of visual range. The number of fighter planes and the level of training achieved

by the personnel (who come to the bases after 4 years at the Air Force Academy and another 3 years at advanced training centers) constitute top secret information. It is known, however, that the calculation of losses based on accidental crashes is not correct: several aircraft have been restored. The color of the aircraft has also changed from the silver tone of brushed aluminum to a grayish green camouflage.

Along with the 1st GDA, COMDA also has available the committed operational readiness of the 1st Fighter Group [GAC] at the Santa Cruz Airbase in Rio de Janeiro. The "Senta e Pua," with traditions formed in World War II, carries out tactical support and ground attack missions, but since 1975, it has been part of the air defense system. Using supersonic U.S. F-5E Tiger II fighter planes (Mach 1.6, or 1,700 kilometers per hour), the 1st GAC intercepted the British Vulcan bomber that was 340 kilometers off Marica on the Rio de Janeiro coast during the latter's return flight from the Falkland Islands. Accompanied by two other aircraft of the same kind--which withdrew to international waters when the Brazilian supersonic jets approached--the huge British jet aircraft was unable to refuel in flight (the pipe was broken) and had only 15 minutes of flying time left. On its port wing it carried a little-known weapon similar in design to the Sidewinder but with a computerized "smart" warhead that homes in on electronic signals from air defense radars in order to destroy the equipment. That was not the only incident of its kind, confides an air force general. Throughout the military conflict between Argentina and Great Britain, American C-141 transports and Orion-type patrol planes (the Electra version) flew over the South Atlantic very close to Brazilian territorial limits and were accompanied by FAB interceptors.

#### Electronic Eye on Invader

Brazilian warfare begins here in a concrete, almost windowless building staffed by people with no names and no public functions. It is the Combined Air Defense and Air Traffic Control Center (CINDACTA), the "brain" of the Air Defense Command (COMDA), which was established in 1970 and which is now going to grow: by 1986, the 1.5 million square kilometers currently covered by the network (three times the area of France) will be joined by all the country's southern states constituting DACTA-2 [Air Traffic Defense and Control System 2], which will be interconnected with the present system and operate, strictly speaking, as an expanded system.

The three-dimensional radars for military use will be supplied--with technology transfer--by the French consortium, Thomson-CSF. The flight surveillance, meteorological, and primary radars are to be ordered from Brazilian firms. And that is not all: studies have already been started for establishing DACTA-3 over the next decade in the North and Northeast Regions, thus "closing the circle completely," according to COMDA's commanding officer, Gen Joao Soares Nunes. At the same time, an interministerial group is trying to make the Brazil Aerospace Defense System operational. It was conceived in 1980 as a kind of agency designed to combine the efforts by the air force, army, and navy to preserve the inviolability of national space at all levels.



For example, assume that an enemy attack plane is detected by the Brasilia control center as it heads for the Angra dos Reis nuclear power plant and that it is not possible to get an interceptor moving in time. The problem will be transferred immediately into the hands of the artillery liaison officer, who will activate antiaircraft units located on the coast while his counterpart in the navy mobilizes vessels equipped with surface-to-air missiles to check the hostile advance. "That is a simply way of optimizing our resources," explains General Nunes, who is an advocate of active participation by a fourth segment--civilian society--in the lineup of groups organized for fast action or through short-term analyses that can be made by the universities, as happens in the United States.

COMDA's coat of arms is conventional and carries the inscription "Rise and Destroy," an allusion to the combat vectors it employs. The base of the coat of arms shows a skullcap, however--the symbol of the Liberal Party of Rio Grande do Sul, whose leaders, during the Paraguayan War, financed the purchase of the static balloons used by Brazilian troops for observation missions against the enemy troops. "A typical act of air superiority, which is what we have today," says one officer whose identity, duties, and classification are a secret. He is young, calm, and capable of showing humor, as when he told about the first instance in which COMDA destroyed an aggressive flying object. It involved the pet alligator raised in the tank at the building's winter garden, which attacked a kingfisher that had been decimating the collection of Japanese carp. But he is the same professional who will calmly decide, as he did in the episode involving the Cuban plane, to shoot down an invader. CINDACTA, which was built between 1972 and 1977 at an estimated cost of \$70 million, operates a line of electronic sensors of various types. They are installed in 47 stations and are connected to fourth-generation computers, remote sensors, VHF-UHF networks, radio, display terminals, teleprinters, exclusive channels, and various "special effects" for optimizing the use of the equipment.

There is nothing like it in South America. Argentina operated a low-level system until it got involved in the conflict with Great Britain, when it lost a good number of its peripheral stations, which were hit by special weapons. Colombia has still not achieved the ideal output from its limited network. And Peru has broken off the agreements it signed with the Soviet Union in 1973 for the installation of an electronic surveillance system in its Andean Mineral Belt.

CINDACTA is in fact a time tunnel. Along with the integrated system in which the available material resources are used equally for civil air control or for air defense actions, there is a sense of isolation. There are two buildings side by side and connected by a corridor. The first, in which the atmosphere is relaxed, is the sphere of the "mixed" controllers: men, women, civilians, and military. No aircraft can enter the polygon covered by their surveillance without first filing its flight plan and having its identification and destination cleared. It happens all the time, however, but the situation is soon corrected--as soon as the aircraft enters the area covered by one of the system's units, it is classified and released, and the information goes on file.

International traffic, being planned farther in advance, is less complicated. Information is entered in the program ahead of time showing the date and hour of arrival within the system's range. On the date in question, one-half hour in advance, the computer announces that an aircraft with very definite characteristics will be appearing in the next few minutes. The intercontinental jets in question are equipped with electronic boxes that make them "known" automatically. And what happens in the case of "gate crashers"? "They are contacted, tracked, accompanied, intercepted, and given directions, but under the COPM's observation, and the latter can then decide whether to rise--and destroy," explains the officer, who recalls that "90 percent of all our work is concerned with commercial traffic." The Military Operations Center cannot be photographed and can only be visited when no specific activity is underway. The expert believes: "Its existence is an important factor for deterrence." The philosophy behind the unit's establishment was based on that criterion and arose because of a typical episode. In 1968, a Canberra bomber belonging to the Peruvian Air Force crashed in Rio Grande do Sul. One of the crewmembers died. But the survivor reported that lengthy and continuous photoreconnaissance missions were being carried out over Brazilian and Argentine territory. The converted aircraft would carry enough fuel reserves to stay in the air for 19 hours. The B-2R would take off from a base near the frontier, proceed to Brasilia and then, at an altitude of over 10,000 meters, head for Buenos Aires, where it would land for refueling.

#### Air Force Reequipment

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Aug 82 p 8

[Article by Roberto Godoy]

[Text] Helmet adjusted, safety straps attached across his chest, anti-G suit, gloves, mask, and oxygen unit adjusted, and preliminary check completed and repeated, the pilot waits tensely for the signal that will bring his trained hand to the starter button of the powerful SNECMA turbine and raise the Mirage-IIIE supersonic interceptor, one of the most efficient war machines ever built, off the ground with a roar. In 7 minutes and 40 seconds, it will be at an altitude of 18,300 meters and flying at a speed of 2,221 kilometers per hour. It carries a deadly cargo: 250 projectiles for the 30mm guns and an air-to-air missile for air combat known as the R-530, which finds its target by homing in on the heat from the engines.

The central figure in this scene--which is repeated routinely every day at the Anapolis Airbase, headquarters of the 1st Air Defense Group, normally loses 3 kilograms of weight during each Red Alert Exercise as he remains seated in the aircraft's cramped cockpit for up to 40 minutes, waiting for the order to take off--an order that depends on radar detection of the presence of an enemy invader. There is nothing to complain about. The 1st GDA lives in constant readiness--that is, the officers on its surveillance roster are never at any time more than 5 minutes away from takeoff. Even the residential area was located to facilitate mobilization using express highways. "That is our main equipment: the well-trained man," says a general on the FAB General Staff, who recalls that the Brazilian fighter pilot's level of intellectual sophistication has been rising gradually.

One air force captain at Anapolis, whose identity, qualifications, and training methods are secret, has just turned 30. He is married, has no children, and sports the enviable distinction of having logged the highest number of flights during 1981 "on mission." He says that in 1983 he is going to go into computer engineering--in the air force. At least three of his comrades will pursue similar careers in such sectors as microelectronics and medium-range missile guidance systems. The general emphasizes: "This is the most important form of 'reequipment' we can have: a higher level of achievement by our officers." In fact, it is a permanent investment. Each pilot costs the government 6 years of education, medical and social care, uniforms, pay, and the handling of equipment subject to damage amounting to over \$1 million--the basic cost of the Xavante attack jet, which is manufactured by EMBRAER [Brazilian Aeronautics Company] and also used for the final training of fighter pilots.

Today, the man in command of the weapon system that weighs 13 tons and can cover the distance between Brasilia and Sao Paulo in less than 30 minutes needs specialized support, even in matters of detail: if the alert comes at night, he takes a Vitamin A tablet to improve his vision. During the day, he takes potassium pills to compensate for lost fluids. Meals at the base are rigorously controlled by dieticians to make up for the wear and tear inherent in flying. There is one exception, however: Saturday is the day for a complete "feijoada" [a Brazilian specialty dish], with liquor and beer.

In an effort to achieve integration with SISDABRA [Brazil Aerospace Defense System]--which will combine the resources existing in the three branches for that sector--the army has just initiated the bidding procedure--open only to national firms--for the production of electronic antiaircraft fire control systems.

And in the FAB, there is the plan--not yet definite--to refit the Mirage-IIIE's, as well as permanent pressure to buy aircraft with air superiority to replace the supersonic jets now being operated at Anapolis, at Santa Cruz in Rio de Janeiro, and at Canoas in Rio Grande do Sul. Possible choices: the Mirage 2000, the F-16 Falcon, and the recently introduced F-5G Tigershark. One highly placed source in the Ministry of Air says: "They are excellent choices with two serious drawbacks: they cost over \$36 million and create a technological dependence that we are trying to avoid."

#### Piranha Missile a Priority Again

At the top of Couto Peak in Rio de Janeiro, there is nothing to remind one of the "permanent summer" that prevails on the coast. On the contrary, the mountainous setting is always covered with fog, there is constant dampness, and the almost painful cold means that heavy wraps must be worn throughout the year. But that is one of the sites where the Combined Air Safety and Air Traffic Control Center (CINDACTA) operates. It is also the place where the process of modernizing the network may begin in order to make it compatible with the new DACTA-2 system, which will provide coverage of Brazil's South Region. As at the other three corners of the quadrilateral formed by Sao Paulo, Brasilia, Belo Horizonte, and Rio de Janeiro, Couto Peak is equipped with complex electronic facilities for guiding commercial aircraft and monitoring our vital national space.

This is accomplished using the TRS-2052 radar produced by France's Thomson-CSF. Each unit makes six revolutions per minute and can detect a moving target measuring 2 square meters at a distance of 330 kilometers and above 18,000 meters. Operating in connection with those units is the Volex IV/TRS 2206 system, a three-dimensional sensor used to determine the altitude, direction, and velocity of the possible "invader" being tracked. In this case, reequipment will consist of providing those centers with equipment capable of faster resolution, quick processing, and, chiefly, greater accuracy. For example, if an aircraft equipped with ECM (electronic countermeasures) enters the space controlled by CINDACTA, the operators at the unit's Military Center will need great skill to overcome the barrier that will keep them virtually "blind." It will be possible to know, with some limitations, only that something is coming through the sky from a specific quadrant and nothing more. With modernized radar providing the option of beam concentration, pulse elevation, and envelope line--procedures designed to "close in on" the aircraft so as to identify it, the level of efficiency will be increased considerably. Almost all the items will be purchased in Brazil, the exception being the 12 Volex-5 units.

Interconnection of the updated DACTA-1 with the future DACTA-2 is scheduled for 1986, which is when the Piranha air-to-air missile should also start qualifying for service. The Piranha is a project of the Ministry of Air. Development began at the Aerospace Technology Center (CTA) in Sao Jose dos Campos in 1975, but the project has been frozen for 2 years and, with no funds of its own, has been kept alive at the cost of budget allocations from the Ordnance Systems Division of the Space Activities Institute. Now the Piranha is being made a priority again.

The first Brazilian self-guided missile for use in air combat will be 2.72 meters long with a caliber of 152mm and a total weight of 85.5 kilograms. Its warhead will carry approximately 12 kilograms of RDX high explosives. The mockup is now complete, showing that it is similar to the U.S. Sidewinder, over 3 million units of which have already been produced (the 09 version is used by the FAB as a weapon on its supersonic F-5E tactical fighters).

When in flight, the Piranha can withstand up to 30 G's (or 30 times the pressure of gravity) while in pursuit, and it will fly at extremely high speeds on the order of Mach 3 (about 3,700 kilometers per hour) for a few (4 to 6) seconds to reach its ideal operating range (between 250 meters and 6 kilometers). The infrared guidance system, attracted by the heat from the target's turbines, is conventional. The activating "light" enters through a lens of special convex glass--the "dome"--and the "nose," made of calcium aluminate, which allows radio frequencies to pass through and concentrates the heat radiated by an aircraft's engines. That entire optical system is movable, making a sweep similar to that of radar.

All the pilot has to do is press the firing button.

With 20 technicians involved in the project, the CTA was able to include in what was to have been a conventional weapon "certain special effects" for controlling the small wings used to guide the missile and for achieving three kinds of detonation: proximity, impact, and self-destruction (in case of

operational failure). A considerable degree of responsibility for executing the project will begin to be transferred to private enterprise within the next few months, with D. F. Vasconcelos of Sao Paulo probably getting the contract for the "package" of optical items. The actual tests will take 3 more years. But in 1985-1986, the commercial phase will begin following 30 live test firings and a proportionately greater number of dynamic and static tests (the latter are actually already underway) to evaluate the general operational performance.

#### Cluster Bomb

Before that--probably by January 1983--the Ordnance Systems Division will be involved in the final steps for producing a cluster bomb of the French Belouga class in Brazil. It is a dispersion weapon that will carry 300 "bomblets"--small bombs weighing just over 1 kilogram and with a caliber of 60mm. Dropped from a minimum height of 60 meters, this bomb is slowed in its fall by an aerodynamic brake and suddenly ejects its load, covering an area 120 meters long and 50 meters wide. Three types of bomblet can be used: the fragmentation type for destroying convoys, fuel depots, or aircraft parking areas; the anti-tank type for penetrating armorplate; and the area denial type designed for use on beaches, airports, road junctions, and so on. Two countries that are customers of the Brazilian arms industry have already expressed an interest in the bomb. They are Iraq and Libya.

With a view to completing the electronic ring surrounding the nation's economically vital area in the medium term and with an effective weapon such as the Piranha now in its final design phase, the air force decided in May to consider the possibility of negotiating a speedup in the schedules for the AM-X, a subsonic fighter plane designed by Aeritalia-Macchi, an Italian consortium with which the Ministry of Air has entered a partnership.

Through EMBRAER, Brazil will invest about \$200 million in the undertaking. The FAB will get 80 aircraft. And the AMI [Italian Air Force] will commission 200 at a unit price of \$7 million.

Will those electronically very advanced fighter planes be able to carry out air defense missions? That question, which is regularly asked by fighter pilots, is emphatically answered by one air force general with a short sentence: "Yes on an exceptional basis; no on a routine basis." The AM-X will have accessories similar to those for the most recent generation of supersonic fighters, beginning with an ECM unit that will keep it off the screens of enemy radar for a long period and also warn the pilot when he is entering the detection beam of an enemy tracking sensor. It will fly at a speed of 1,000 kilometers per hour with 3,800 kilograms of external stores (rockets, bombs, and extra fuel tanks) and two Piranha air-to-air missiles.

On the assembly line in Turin, Italy, the design mockup of the first Brazilian AM-X, which includes the changes suggested by the FAB, is, strictly speaking, already completed. There is only one basic external difference: two 30mm guns grouped on the side. The profile is aggressive, with clearly defined lines. It is an aircraft for ground attack and interdiction missions and therefore, to provide the pilot with a better view, has a smooth nacelle.

The AM-X will be 13 meters long with a 10-meter span. Maximum height: 4.6 meters; maximum weight: 12 tons. Range without extra fuel tanks: on the order of 1,000 kilometers, but it can reach 2,000 with extra fuel. The first flight by the prototype is now scheduled for 1984-1985, with the first regular pre-production flight to follow immediately so as to advance the delivery date to 1986 instead of 1987-1988 as originally planned. The single engine is a Rolls-Royce Spey turbine with afterburners, superior thrust, and a weight of 5,000 pounds.

#### The Giant

Within the framework of air defense, however, the most fascinating long-term idea concerns the military version of the Satellite Launch Vehicle (VLS). With the necessary modifications, that rocket will be transformed into an impressive MRBM in the same class as the Soviet Slean. The SS-100 reportedly can carry five 30-kilogram warheads with high explosives, or nuclear warheads of 50 kilotons, capable of covering an average distance of 4,000 kilometers. This giant--25 meters long, weighing 10 tons, and with five engines--will have computerized control that was refined in space by national satellites, with an inertial navigation unit for permanent course correction. In the opinion of one high-ranking air force officer connected with research, that will be an undertaking for 1995.

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CSO: 3001/229

## PRESIDENT CITES WORLD CRISIS AS REASON FOR ECONOMIC DIFFICULTIES

Santiago QUE PASA in Spanish 19 Aug 82 pp 10-13

[Interview with President Augusto Pinochet, by Olga Kliwadenko; date and place not given]

[Text] In an exclusive interview with QUE PASA, the president discussed the most important current issues facing the nation: the floating of the dollar, economic difficulties, the high unemployment figures, disagreements with the Government Junta, government-Church relations, causes of the economic crisis and the existence of political parties.

"There are groups that are trying to take advantage of the difficulties, trying to discredit the regime, creating concern and insecurity," he said. He added that nevertheless, without deviating from the model, "we shall continue to forge the foundations of a free society."

He denied accusations of the government's inability to restore levels of employment. "Never before has the unemployed person had the aid he now receives from the government. This prevents unemployment from meaning indigence."

Concerning political parties, he said the following: "They divide us at a time when the country needs unity. They were negative elements in constantly violating that principle, in receiving 'solidarity' money from other countries that subordinate them to foreign organizations."

He announced new elements in the mediation for September and called relations with the Church normal. "It has not meddled in temporal affairs," he stated.

Concerning disagreements with the Junta, he said: "They only exist in the imagination of those who go around spreading rumors."

The interview took place in an atmosphere of intense activity: an interminable succession of meetings, telephone calls, long waits on palace sofas, an exhausting coming and going of aides-de-camp. The reason: The exchange rate had been allowed to float only days before.

When everything seemed to point to a postponement of the interview, the president appeared alone and absorbed in thought in one of the rooms.



"Mr President...."

Surprised by what had been a veritable assault on his inner world, he looked at us with a mixture of astonishment and embarrassment over the delay, greeted us and, without further ado, disappeared into the labyrinth of the upper floor.

Five minutes later, the aide-de-camp of the Carabineros escorted us in. The president was waiting for us standing in his reception room. After shaking hands once again, he sat down behind an enormous desk and almost in a whisper, said:

"Let's see, let's see what you are going to ask me...."

In a very typical gesture, he rubbed his forehead with the palms of his hands and smiled.

[Question] Mr President, how would you describe the political and economic times in which we are living?

[Answer] The government's action involves political, economic and social aspects. In each of these spheres, we apply general and specific policies clearly defined in the "National Objective of the Government of Chile," policies that will make it possible for us to achieve the goals we have set forth. At the present time, the country is facing economic difficulties resulting from the serious recession throughout the world. We have taken the measures we deem necessary, we have asked our citizens to become aware of our situation and I believe that most of them have reaffirmed their confidence in the government. I believe that they have understood that the measures adopted are aimed at neutralizing the effects of the crisis and at reviving the economy without deviating from our model. Naturally, there are sectors that are trying to take advantage of these difficulties, trying to discredit the regime, creating concern and insecurity and magnifying related problems in their desire to present them as a failure of the system.

And yet, neither the economic problems nor the evil-minded rumors will make us abandon our objectives or our strategy to achieve them. I am convinced that we shall overcome these obstacles and that step by step, we shall continue to forge the foundations of a free society.

There are persons who lose their perspective, who forget long-range objectives or who judge situations only by the events that have affected them.

In addition to visualizing the problems, one must also meditate on the achievements of this government, appreciate all accomplishments and evaluate the measures taken with broadmindedness and objectivity, assuming an attitude free of rancor or passion.

[Question] In your opinion, what factors precipitated the crisis?

[Answer] The difficult economic situation which the country is now going through mainly has its roots in the world economic crisis.



It caused the drop in prices on our export products. The country lost an appreciable portion of its income. There are grounds for stating that the economic recession now affecting the world is deeper than that of 1974-1975 and it was caused, among other things, by big increases in the price of oil at the beginning of the past decade.

When the price of oil quadrupled in 1974, the Western countries did not face the situation realistically. Rather, they tried to overcome it by increasing their fiscal spending. This policy could be followed until the beginning of this decade. However, the oil countries that partially financed that greater fiscal spending are now experiencing financial difficulties and are consequently taking resources out of the Western economy.

This, plus the increased inflation generated by the fiscal deficit, has forced developed countries to face the problem directly by reducing their level of spending. Unfortunately, this has meant a crisis of major proportions for the world. In Western countries, the situation described resulted in a considerable increase in unemployment, among other effects. Just think: The unemployment rate in the big countries tripled compared with the historical rate.

Without a doubt, there have also been other causes of our current situation, such as the fact that Chile is a country with a low level of savings and still too dependent on the uncertainties of the market for its export products.

[Question] What factors caused you to devalue your currency, first of all, and then to free the price of the dollar? Did you think about the crisis of confidence it could engender?

[Answer] This government is not demagogic and it takes the measures it deems best suited for the majority, although it may run the risk of being misunderstood.

[Question] Who is in charge of economic leadership? Why in the beginning, after a Cabinet shakeup, was there talk of the preeminence of the Ministry of Economy and now of Finance? What became of the Economic Committee and the leadership of General Danus in this area?

[Answer] Economic affairs are studied by a team headed by Minister Sergio de la Cuadra. Naturally, other authorities competent in economics also participate, but I would remind you that in keeping with Decree Law No 966 of 1975, the minister of finance has full powers to head policy in this area.

[Question] Nevertheless, Mr President, the general opinion is that there is a lack of unity in economic leadership. Do you share that feeling?

[Answer] Is that a general opinion or a general rumor? Government economic officials make their decisions in keeping with defined policies of which the public is well informed.

This determines the unity of judgment in economic leadership of the country.

[Question] In addition, General, there is a feeling that the whole series of economic measures adopted is still insufficient.

[Answer] The measures are an attempt to solve the current economic problems and will enable the country to begin its recovery.

One should not confuse adequate measures with immediate "miracles." The government is confident that positive results will soon be seen, but one cannot expect them to be instantaneous.

The difficulties caused by the world recession should be faced through the efforts of the entire country. The private business sector, the workers and the government are making efforts aimed at increasing the competitiveness of national production and at reducing fiscal spending. Nevertheless, that reduction in fiscal spending was achieved by the government by maintaining the policies of protecting the sectors most in need. Likewise, the measures adopted are aimed at preserving jobs. Unemployment is the top priority of the government.

[Question] Unemployment rose sharply in recent months. There are some who say that they see no solution to the problem.

[Answer] As I have just told you, unemployment is my main concern, but I do not agree that no solution can be visualized for this social problem. I repeat that the government has taken a series of measures aimed at three objectives: first of all, reducing the rate of unemployment; second, lowering the interest rate in order to increase employment; and third, improving the protection for the unemployed worker.

I might emphasize the subsidy for the hiring of additional workers, the devaluation of the peso and the subsequent freeing of the price of the dollar. This benefits exports, which use a large quantity of labor. The measures aimed at lowering interest rates help construction sectors, which also employ many workers, and the municipal public works programs, such as sewer systems, drinking water and public bathrooms, will generate new jobs.

We have made great efforts in our social programs, programs directly aimed at the unemployed. There has been a 50-percent increase in the minimum employment program subsidy, with the allocation of benefits to pregnant women in the lowest-income class, a concentration of municipal resources in the social sector, and so on.

It is true that there is a high percentage of unemployment, but it is also true -- and I want to emphasize this -- that the unemployed workers has never before had the economic aid he now receives from the government and that prevents unemployment from meaning indigence.

[Question] Despite all this, are you optimistic about the country or not?

[Answer] I am optimistic and I believe that the current situation will improve once the effects of the measures we have taken begin to be felt. The Chilean

people are capable of facing any adversity and if this unfavorable situation has forced us to make sacrifices and to go without things, in the future we shall be able to resume our own development process.

I believe that one must derive fruitful conclusions from these situations. The important thing is not to fall victim to pessimism and distrust. I am sure that we shall emerge from this experience much stronger because we have viewed the situation with candor and clarity and we have taken the necessary measures with realism, without demagoguery.

[Question] And yet, there are groups that do not have a clear vision of the future. They do not think that there are economic solutions.

[Answer] Don't forget that in 1975, there were also many who doubted the economic policy that was implemented. And yet, it was a success. The same is true today. If we have overcome crises before, why shall we not this time?

Our policies of openness to foreign trade, the freeing of prices, the right to work, respect for free initiative, of equal, nondiscriminatory rules and others enabled us to grow between 1976 and 1980 and they have remained unchanged.

Furthermore, the foundations of the economy are sound since we have price stability, controlled fiscal spending, a solid foreign position backed by strong reserves. In addition, we have taken measures to increase the competitiveness of national production. If one adds to this the fact that the American economy begins to glimpse symptoms of a recovery, then it can be said that in a relatively short time, the country will resume its growth process. Thanks to the efforts now being made, our production will be more competitive and reach the national and foreign consumer under the best possible conditions, thereby stimulating our development.

[Question] Do you believe that the economic problems are leading us into a political precrisis or crisis?

[Answer] I believe that there are groups interested in giving a political connotation to the economic problems now affecting the country. There are political groups that want to take advantage of the natural concern of Chileans over the problems we are going through, speaking of a profound crisis, of a blind tunnel or generalized chaos. They are determined to confuse public opinion and to promote tension and uncertainty.

Chile will move toward the establishment of a renewed democracy, removed from the evils we knew previous to 1973. Chileans will approve by an overwhelming majority a political constitution containing a path toward a clear and defined goal, toward which the government will direct all efforts, without being halted by the pressure of groups anxious to alter that itinerary.

The economic problems we are experiencing must be viewed in their proper dimensions, without compromising elements which, although linked, belong to another sphere.

[Question] What do you think of the wave of rumors? Do you believe that it may be due to a problem of timely information?

[Answer] If all the rumors spread practically since 11 September 1973 were true, then this government would have ceased to exist years ago.

There are even colorful soothsayers who for years have predicted a change in government with such precision that they have even given exact dates. They have had to change those dates I don't know how many times.

The government has always given truthful, timely information to the people. You will recall the reports on their programs given by every minister at the beginning of the year. Furthermore, economic officials have repeatedly reviewed the problems that exist, the reasons for the measures adopted, their objectives, and what they hoped to achieve by them.

[Question] You have said that a great deal remains to be done with respect to institutional progress. What, by whom and when?

[Answer] The political constitution envisions the existence of many organic constitutional laws, laws of a qualified quorum and simple laws to complement the constitution and to be passed during the period of transition.

We attach the greatest importance to the existence of such laws. Naturally, studies have already been ordered in some ministries, but do not forget that the new institutionality is not exhausted in the 1980 Constitution. The government has brought about profound transformations, which are also part of the new institutionality and that must gradually be consolidated. Think about the new social security scheme, the modernization of the universities and health, reforms of the judicial sector, and others. All of this makes up a complex framework of matters that must be gradually perfected in order to gradually strengthen the economic and social bases on which the democracy we want must function.

[Question] You spoke of a future democracy, authoritarian at the top but with participation by the rank and file. What is being done to bring about such participation?

[Answer] We are building a renewed democracy. The old democratic system was unable to face up to its enemies and in the end, was destroyed, through the action of Marxist totalitarianism.

Building a democratic system with authentic civic participation, one able to successfully meet its 'enemies' attempts to destroy it is the great goal we have set.

All Chileans must participate actively in this task. I believe that this is happening. We cannot limit participation to the existence of political parties. If we believed this, we would have to conclude that throughout all these years, there has been no participation by the citizens in the most diverse spheres of national life. We are implementing all mechanisms designed by the constitution to consolidate the community's participation.

[Question] You have said on various occasions that political parties are a part of history. And yet, they are established in the new constitution. What did you mean?

[Answer] Number 15 of Article 19 of the political constitution governing us envisions the existence of political parties and consequently, they will have a role in the new system we propose. And yet, the very constitutional provision accepting their existence establishes requirements to be met by them and to which they are to be subjected.

Naturally, they are prohibited from intervening in activities other than those suited to them and they may not attempt to achieve any privileged position or monopoly over participation by citizens. In addition, it is stated that their bylaws must include standards ensuring effective internal democracy in order to prevent them from being turned into oligarchic frameworks lacking in popular representation. In addition, their records and books must be public and the sources of their financing cannot come from foreign monies, property, donations, contributions or loans.

In other words, the new constitutional framework aims to ban the politicking and extreme politicization that has affected us in the past. We shall not allow the existence of political parties like those we have known.

In addition, I must remind you of what I have always said: that these political parties divide at times when the country needs unity. It is enough to observe the years previous to 11 September 1973, when partisan struggles led the country to situations of extreme gravity.

I believe that the political parties were negative elements for the country, in constantly hurting national unity, in receiving "solidarity" money from other countries that subordinated them to foreign organizations.

[Question] Mr President, moving on to another subject, how is the process of papal mediation going?

[Answer] It has had some progress, small, but progress after all. In September, we shall know something.

[Question] Will Chile go to the court in The Hague?

[Answer] Chile has not discarded that possibility at any time.

[Question] Returning to political matters, where will those who will continue your work, the leaders of the future, come from?

[Answer] I am confident that the institutions created by this government, particularly the mechanisms for the generation of authorities, will lead to their emergence.

[Question] Do you believe that the spirit of 11 September 1973 still exists?

[Answer] The spirit of 11 September 1973 is one of freedom and order against totalitarianism and chaos. That spirit does exist and will continue to exist.

[Question] What about disagreements with members of the Government Junta?

[Answer] Those disagreements only exist in the imagination of those who go around spreading rumors.

[Question] How are Church-government relations?

[Answer] They are normal. The government does not interfere in religious affairs and I believe that likewise, the Church has not involved itself in temporal affairs.

[Question] What do you think of the reorganization of production unions?

[Answer] It seems normal. The unions are free to organize in Chile, to elect officers, to replace them, reelect them. In short, they act freely.

[Question] Finally, what does the president of Chile expect from those who support him at a difficult economic times such as the situation we are now going through?

[Answer] What I have always expected of Chileans: effort, sacrifice, work and that capacity, proven a thousand times over, to overcome adversity and obstacles, in short, to triumph.

"What else?" he says, rising from his chair suddenly, as if worried that the interview had already gone on too long.

He smiles good-humoredly and says: "Do you know what? Starting today, I am going to prohibit interviews that are too long, no matter how pleasant they may be!"

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SOCIALIST LEADER SAYS CRISIS HAS COST GOVERNMENT ALL CREDIBILITY

Managua EL NUEVO DIARIO in Spanish 29 Jul 82 p 7

[Interview with Clodomiro Almeyda Medina, secretary general of the Chilean Socialist Party (PSCh); date and place not given]

[Text] Between 1970 and 1973, the current secretary general of the Chilean Socialist Party, Clodomiro Almeyda Medina, occupied the posts of vice president, minister of foreign relations, minister of interior and minister of defense. Following the coup d'etat, he was imprisoned on Dawson Island and in other concentration camps of the dictatorship, until he was finally freed as the result of a petition from the UN General Assembly.

The guest of the national leadership of the FSLN [Sandinist National Liberation Front], he attended the commemorative celebration of the third anniversary of the Sandinist People's Revolution.

[Question] At the close of your second visit to free Nicaragua, what is your view of the march of this process?

[Answer] First of all, I should like to take advantage of this interview with EL NUEVO DIARIO to thank the national leadership of the FSLN for its invitation to attend the commemoration of the third anniversary of that historic 19 July 1979.

I have had the opportunity to evaluate and personally experience this particularly difficult and significant, but at the same time promising, time which the Nicaraguan process is going through. The words of Maj Daniel Ortega at the mass assembly in Masaya, the climax of the third anniversary celebration, reflect the determination and firmness with which the people, the government and the FSLN are facing these circumstances, backed, naturally, by the vast majority of the country, anxious to defend this achievement that has cost so much blood and time, the Sandinist revolution, which opened the way to a future of justice and freedom for Nicaragua, the land of Sandino.

As I was saying, I believe that Nicaragua is going through a difficult time because there is a clear intent, on the part of imperialism in collusion with

domestic reactionary forces, to destabilize this government politically, socially and economically. The successive aggressions of Nicaraguan sovereignty, carried out by counterrevolutionary military units and resulting in a high number of victims, clearly show how far imperialism and its followers are willing to go.

These attempts are explained by the far-reaching nature of this revolution, the bridgehead for the cause of democracy, freedom and justice on American soil. It is a powerful incentive in the struggle of peoples in the region, an example of unity and an inexhaustible source of experience from which we are all learning the most valuable lessons. It is a new beacon guiding the fight of our nations and imperialism obviously does not want to permit this.

Consequently, this action aimed at destroying the Sandinist revolution and the open interference in El Salvador are basic elements of the policy of Ronald Reagan in his desire to restore full hegemony over this zone of Central America and the Caribbean, considered to be his "backyard."

[Question] Following the crisis in the South Atlantic, there has been, on the one hand, a readjustment of the inter-American system that prevailed heretofore and, on the other hand, various movements articulated starting in Washington to bind the wounds opened by American support for Great Britain. Do you believe such changes in the current inter-American system are possible?

[Answer] I believe that one can draw up a balance sheet of the consequences of the painful episode in the Malvinas.

First of all, the shameless, open intervention of the United States against Argentina, despite the fact that both are part of what is called the "hemispheric community," has opened the eyes of new sectors of our nations. A whole international legal, political and military framework worked out with great care since the end of World War II in order to unite Latin American governments behind the hegemony of an imperialism that seeks to contain the offensive of our peoples and threaten the community of socialist states has totally collapsed. Both the OAS, the Organization of American States, as well as the Inter-American Mutual Assistance Treaty (TIAR), pillars of the system of imperialist domination, have been thrown off balance because they have lost all legitimacy and governments, officials and forces that had previously refused to see the truth.

They have realized that this apparatus is only aimed at covering up the hegemonic designs of the United States on the hemisphere and that consequently, they can no longer fail to see the facts.

In other words, the inter-American system is in crisis and this has undermined one of the pillars on which the imperialist world strategy is based. In a sense, an institutional vacuum has been opened in our America which various groups are trying to fill in order to replace the traditional organizations of the system, to do away with them or create structures reflecting the common interests of Latin America which, rather than complementary, are at odds with those of the government, the Pentagon and the American monopolies.



As a result, we are witnessing a crucial time for the reorganization of the Latin American and inter-American system and it is to be hoped that by virtue of the level of development and maturity which the different nations have achieved in varying degrees, there will be a reflection of it in the conduct of governments and that we shall openly take the path chosen by Bolivar, the path of Latin American unity. That is the direction taken by the leaders who freed our countries and the goal toward which the destinies of every one of our nations must be directed.

[Question] A document from the Socialist, Communist, Radical parties and the MIR [Movement of the Revolutionary Left] has recently been published. Could you tell us of the current context of the situation in your country and the focus of the struggle of your vanguard organizations?

[Answer] The Chilean situation today is determined by the economic crisis which, having begun last year, has gradually grown deeper and now produced the collapse of the whole economic, social and political model that the fascist dictatorship in our country tried to implement.

Because of its extent, that crisis is without precedent. It is even thought that it is more extensive than the one in 1930 because of its devastating effects on the standard of living of our society. The numerous eloquent signs of the crisis are increasingly known to international public opinion and endured by the Chilean people.

Poverty and unemployment, affecting over 20 percent of the active population, the bankruptcy of over a thousand businesses in the past 12 months, the foreign debt now totaling \$15 billion and service on which is eating up practically half of our country's foreign exchange income, the drastic drop in nontraditional exports developed over the past decade, and the bankruptcy of the financial system which could only be avoided by desperate action on the part of the government, which bought the unpaid debt of over 40 banks, using a loan of \$860 million from the International Monetary Fund to do so: These, among others, are all signs of the magnitude and intensity of the crisis, which has cost the government all credibility. This situation has produced an economic vacuum and I believe greater awareness among Chileans that the path chosen by the dictatorship will only lead to greater poverty, dependency and injustice, based on repression of the people and the elimination of democracy.

Within this framework, conditions much more favorable to the development of the fight against the dictatorship have been created. This collapse of the neoliberal economic model also corresponds to the failure of fairly similar attempts in Argentina or, in another context, Great Britain, which shows that we are in the presence of a fact of international repercussions. It means that these neoliberal, neoconservative trends, which in a sense crystallized with Reagan's ascent to power and which proposed to establish a new international division of labor, failed. This entire political philosophy, all the economic experiments, all the social systems fitting into such a framework are failing in different parts of the world. This is a very significant fact for the development of democracy, freedom, justice and a new international order, not only because of the repercussions of this economic crisis in Chile, but as the expression of a much broader phenomenon: the bankruptcy of a period of

reactionary rise in the world, a period culminating in the late 1970's and that is now on a downward trend, corresponding to an intensification of the struggle of nations determined to get back on the path of higher forms of collective coexistence.

As I was saying, this phenomenon has created conditions favorable to the deepening of our struggle. Naturally, there is among the rank and file a strong demand for unity on a social and political level in order to be in a position to take an active role in the national political process. In order to provide an alternative to fascism, unity is a fundamental requirement. Broad sectors hit by the crisis feel an urgent need to create a wide coalition of democratic forces. Leftist groups seek higher forms of understanding in order to channel the fight in a perspective of revolt. All this is a logical result of the demands of our people. It is a democratic, national, revolutionary alternative capable of uniting Chileans in the fight against the military dictatorship.

[Question] And is there a possibility of achieving that unity? How?

[Answer] The Socialist Party of Chile has taken up the banner of unity and renewal of the left in the framework of the fight against the dictatorship.

But it is not only a matter of making the most of the limited "legal" spaces established by fascism, but rather, of breaking out of and going beyond those spaces, claiming the right to revolt of our people and creating conditions for developing the resistance and making it lead to a vast mass, radical movement culminating in a rebellion that will put an end to the Pinochet tyranny once and for all, a tyranny that has not been able to achieve its aims of exterminating the Chilean democratic people's movement.

There is a great historic opportunity through which, by once again taking up the banners of unity, renewal and struggle, we can face up to the regime and get back on the path temporarily lost by the fascist coup.

In taking up this banner of unity, renewal and struggle, the Socialist Party of Chile is playing a decisive role in the process of rearticulating the Chilean left. We shall direct all our efforts in the near future toward the successful culmination of this process, thus coming closer to the final liberation of our people.

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## MINISTER OF ECONOMY SAYS FLOATING DOLLAR WILL AID ECONOMY

Santiago EL MERCURIO in Spanish 8 Aug 82 pp D1-D2

[Interview with Minister of Finance Sergio de la Cuadra, by Maria Angelica de Luigi; date and place not given]

[Text] Early tomorrow morning, it will begin all over again: the "dollar launching" operation. Will the dollar continue to go up or will it begin to drop?

At a fixed level for over three years, the green bill had begun to flutter on 14 June, but on Friday, in the midst of great nervousness and expectation, it started to climb, higher and higher. Hundreds of persons, even those who had never before owned the currency, thronged to the blackboards of the banks and exchange banks to watch the flight. Some predicted that it would rise out of sight, taking our depressed economy with it. Others placed bets: 42 pesos, 52, 58....

It had already reached 62 when EL MERCURIO arrived at the office of the man who freed the dollar: Sergio de la Cuadra, imperturbable and with manifest ill will toward the "liberated currency," also followed the possible after-effects of the launching: "The higher it goes, the harder it will fall," he prophesied.

EL MERCURIO wanted to learn about the invisible thread with which the minister of finance thinks he can hold on to the dollar-kite in the midst of the strong recessionary wind which, with unemployment, debts, past deadlines and, above all, inflationary expectations, could push it higher and higher. It also went to ask him why; if he was among the apologists of the fixed rate, he had now taken it upon himself to free the dollar.

[Question] Mr Minister, you helped implement the fixed rate and the neutral monetary policy. Now you apply the opposite measures.

[Answer] The fact is that when conditions change, one has to be rather dumb not to change the instruments. The rate of exchange is an instrument; the handling of the supply of money another instrument. Both have to be used based on the circumstances and they can change without changing objectives.

[Question] Is that why measures are adopted that were once defended by economists opposed to the policies of the government team?

[Answer] What is happening is that when economists are good economists, when they are intelligent, they always end up understanding one another.

[Question] But the average Chilean does not understand much of this. Some say that they "understand nothing" about the latest economic measures, that you are "groping around in the dark."

[Answer] That is easy to say. With the fixed rate, what was free was the amount of money over which the Central Bank had no control because the amount of money depends on what the people want to buy or sell in the way of foreign exchange. We are now adopting the reverse system. The rate is free and the Central Bank can therefore control the amount of money.

#### Inevitable Measure

[Question] And you would say that this last measure "complements" the foregoing measures or simply that it is "inevitable"?

[Answer] Inevitable. Why? Because it is a bloody problem that in times of recession such as the situation we are going through, the amount of money should begin to fall. The recession would go much deeper and might reach extremes that no one could tolerate. If we did not free the dollar, we would end up consuming reserves until there would be nothing left.

[Question] In other words, with these "changes in direction," do you believe that a businessman can, if able to do so, decide to undertake any operation?

[Answer] I believe that the businessman always works with variables subject to risk. Before, the surest variable he had was the rate of exchange, but his uncertain variable was the money. Now that the rate of exchange is an uncertain variable, it is very important that money be a certain variable. Consequently, the next step is for the Central Bank to announce how much the amount of money in circulation in the next six months is going to expand so that the businessman may know how prices are going to act.

[Question] How do you think the different sectors have received this measure, Mr Minister?

[Answer] Well, I believe that the agricultural sector should be very happy because all its products are basically determined by international prices and by the dollar. The same should happen in general with many industries. Obviously, this measure will also be criticized by persons who have debts in dollars due in the coming days.

[Question] And what can the unemployed expect from this provision?

[Answer] It is one that will help them because in restoring a monetary balance, there will be more money, they will increase sales of products, production will increase and so will employment.

[Question] When, Mr Minister?

[Answer] I believe that this will happen in the months ahead.

[Question] Before deciding to let the dollar float, what effects of the measure were weighed?

[Answer] What is weighed the most in any measure is its social, economic and political effects.

[Question] What is the political cost of this one?

[Answer] Those who will be affected negatively. As I said, those with debts due in dollars in short-range terms. But they also have a way out because they can postpone, renegotiate their debts.

#### Dollars Taken Out

[Question] In your speech to the country, you indicated a great reduction in Central Bank reserves. What is the exact amount of that drop?

[Answer] In 12 months, almost \$1 billion.

[Question] But that sum does not only correspond to the purchase of dollars at banks?

[Answer] No, it is also closely related to the drop in foreign loans.

[Question] And now what? Does the uncertainty of a floating dollar not make it more difficult to obtain foreign credits for the country?

[Answer] It is true that when these measures are taken, the international banking system lets a certain amount of time pass to see how the economy acts and it reduces loans. But the current Chilean situation is that foreign banks were loaning very little to the private sector. Basically, during the second half of the year, the capital income registered is indebtedness of the public sector. In other words, this measure will have no special effect.

[Question] What amount of dollars do you believe was taken out of Chile?

[Answer] I could not say. The largest share probably went abroad because money under the mattress does not produce income.

[Question] Did most go to Argentina?

[Answer] I do not believe so. Many deposits were made abroad, but we do not know the distribution. We do not ask people because we would get nothing by it. They would tell us whatever they pleased.

[Question] Do you have any special way to describe the people who took their money out of the country, thereby worsening the domestic situation?

[Answer] No. I see no problem with the people investing their money where they deem best, as long as they have earned it honestly and have paid their taxes.

[Question] Then the responsibility lies with the current economic policy, which did not give those persons confidence and security?

[Answer] It is basic to give them confidence.

[Question] Are we on the way to having those people regain their confidence and once again invest their money in the country?

[Answer] Events will answer that question. When they feel there is no great risk in doing business here, they will bring their money back.

[Question] Now, after these measures?

[Answer] Possibly. This business of the people taking their money out of the country at times of uncertainty is the oldest thing in the world. What happened? With the situation prevailing in the country next door, they saw the opportunity of buying an apartment 150 meters square for \$20,000. From Uruguay also, \$100 million went to Argentina in a week.

Little Money

[Question] Do you think it was only the situation next door that increased the buying of dollars over the counter in the past 30 days?

[Answer] No. There was also uncertainty as a result of the devaluation and this caused the people to begin to have less confidence in the peso.

[Question] And why would you not expect that uncertainty to grow and that, instead of returning dollars, the people might buy more and make the dollar rise to exorbitant prices?

[Answer] Even if they continue to buy, it will have no effect on the country's reserves or on the amount of money in circulation because since the Central Bank is not involved, the pesos and dollars change hands between private parties. The money will not disappear, as when the Central Bank was involved, and reserves will not diminish.

[Question] But the dollar may go up.

[Answer] Not too much. The people are only willing to buy dollars up to a certain price. Furthermore, they have a specific amount of money to use buying dollars. The dollar will go up for the first few days and will then start to go down.

[Question] You seem very sure of that, Mr Minister.

[Answer] I am very certain that this is what will happen.

[Question] But based on what calculations, what economic laws?

[Answer] There are no laws for this. The main thing I base my reasoning on is that there is little money, very little liquidity in the economy.

[Question] There are 67 billion pesos in circulation.

[Answer] With the deposits in term savings, the figure is 309 billion.

[Question] A large share of that money can be spent on dollars.

[Answer] And from whom? They can no longer buy from the Central Bank. They will buy between themselves and the pesos will continue to circulate.

[Question] Those who think that this measure is risky say that dollar speculators may make it go as high as 100, 300 pesos.

[Answer] That would be very difficult because the people are willing to pay a certain price. Beyond that, they will not buy.

[Question] How much do you believe that price is?

[Answer] About 60 pesos.

[Question] It went up to 62 this afternoon (Friday), Mr Minister.

[Answer] Then it will start to go down.

[Question] But why are you so sure when many say the price may go sky high?

[Answer] Because just as a person is willing to pay 3,000 for a pair of shoes and not 10,000, there is a limit to the rise. People will not pay more because they do not have more money or because there is no profit in paying so much. Now then, if there are people willing to pay any price for the dollar, then let them. But I assure you that the dollar will then start to go down and those people are going to suffer tremendous losses.

[Question] It has been said that this measure would lead to the "Argentinianization" of the economy, with the dollar sky high, inflation, and so on.

[Answer] In order for there to be inflation, there has to be more money. In order for prices to go up, people have to be able to pay them. One gains nothing by increasing prices if the people do not buy. A man wanting to sell a Datsun for 600,000 instead of the 300,000 it used to cost gets nothing. No one is going to buy because the Central Bank will not issue that amount of money. They will not loan for that.

[Question] But the Central Bank will have to validate a certain rate of inflation, issue money so that prices will go up, if the effect of the devaluation is not understood.

[Answer] Prices can go up based on money issued by the Central Bank, not any further.

[Question] That is the 2 percent monthly already mentioned?

[Answer] Naturally, in annual terms, that means an issuance of 24 percent. If there were full employment, it would mean inflation of 24 percent. But since there is idle capacity and unemployment, inflation will be quite a bit lower.

[Question] And yet, when the first devaluation came (18 percent), it was said that there would have to be inflation of 11 percent. Now there is another devaluation and we still do not know how high the dollar will go. On what do you base your figures?

[Answer] The rise in the dollar is not so mysterious. It will simply depend on the amount of money there is to buy it at the new price. That will be decided by the Central Bank.

[Question] What will that decision be?

[Answer] One must calculate a reactivation of the economy with low inflation.

[Question] Do you not think that the businessmen and workers should be well-informed about these new rules of play?

[Answer] That is why it is very important to have an announcement from the Central Bank on what its monetary policy will be, on how much it intends to issue. In pointing to 24 percent this year, it means that at best, prices can go up 12 percent.

#### Pressure on the Dollar

[Question] Tell me, Mr Minister, can one not put pressure on the Central Bank with economic power?

[Answer] Not now.

[Question] But it has been said that there are groups and sectors with great economic power, in debt, called desperate by some. It is said that they have been playing on the dollar and that inflation would now help them.

[Answer] Those who want to boycott will simply go bankrupt. Their enterprise will continue to operate, the bankruptcy will be declared, it will be called an economic unit, an auditor will be named and the business will continue to operate.

[Question] But before that happens, is it not easy to exert pressure with the increase in the dollar?



[Answer] And where are they going to get money to put pressure on the dollar if they scarcely have enough to pay their debts? The debtors will have to be cut down to size, assume their losses, liquidate assets.

[Question] That has not happened.

[Answer] Not too much because they are all awaiting more measures.

[Question] And this last measure, the free exchange, which came by surprise, will it accelerate the liquidation of assets?

[Answer] No, on the contrary. I believe that most companies will improve their situation. In addition to the exporters, textiles, shoes, rubber, and so on are going to improve because competing imports are going to be more expensive.

[Question] For businesses with debts in dollars, is this measure not the last straw?

[Answer] No, why? If they are exporters, their products will be readjusted along with the dollar. If they were competing with imported products, they will be helped.

#### Other Measures

[Question] But what about construction, for example, which had the highest level of unemployment?

[Answer] Naturally it is affected more, because it has debts in dollars. Those debts will have to be renegotiated.

[Question] What possibility is there of that?

[Answer] That is a decision of the bank and its client because the bank analyzes the ability to pay. If that ability is nonexistent, then the business will go broke. But if not, the bank will give more time, easier conditions.

[Question] Businessmen have said that they do not yet know what the banks are going to do with them. One said: "We still do not know whether, after some deadlines have passed, they will kill us or give us other terms."

[Answer] What a bank wants is to recover most of what it loaned and killing them is not going to achieve this.

[Question] The claim of the unions is that it was the government that pushed them to go into debt in dollars, guaranteeing that the rate of exchange would remain the same, and that it then raised the dollar 18 percent and finally freed it completely. Consequently, the government should make other provisions than simply letting private banks decide.

[Answer] The government is going to allocate \$250 million so that they may renegotiate.

[Question] The business unions ask whether that is the "first quota" because the debts are much greater.

[Answer] Well, the conditions of the economy will be better later so that a "second installment" may be given.

[Question] What other measures may we expect?

[Answer] A million measures have been taken, but the fact is that the people do not care about measures that are not spectacular. You have all the measures for the construction of low-cost housing in the municipalities. They never mention them, even though substantial resources are involved, large amounts of labor are used and a vast amount of social good is produced. A subsidy has been granted for the additional hiring of labor and the minimum employment program has been broadened.

[Question] But are there other measures on the way?

[Answer] No more.

[Question] In other words, we are ready for the economic recovery?

[Answer] We are going to come out of the crisis, slowly but surely.

11,464

CSO: 3010/2211

## DOCUMENT INDICATES ARMED FORCES REORGANIZATION

Bogota EL TIEMPO in Spanish 22 Aug 82 pp 1-A, 14-A

[Text] The Army and the Navy will have aircraft and helicopters and the system of military justice will be profoundly reformed in an effort to decentralize it and to provide for the creation of a military court made up of three judges.

According to a document seen exclusively by EL TIEMPO on the policy of the new defense minister, Gen Fernando Landazabal Reyes, he will do his job with absolute independence.

Landazabal announced a directive permanently establishing the position of three-star general and stated that the Defense Ministry and the Military Forces High Command will not be an obstacle to the pacification programs announced by the government.

He added that new Engineer units and development detachments would be created and that the Navy would organize a transportation company similar to SATENA [National Territorial Aerial Service] to provide service on the rivers in national territory and in Choco.

Landazabal pointed out that he would submit a military reform to the government which would include the revision of the organic structure of the Armed Forces.

On the other hand, the minister announced the reorganization of the police in an effort to improve the morale of its personnel and to review the effects of the excessive militarization which that force has undergone since 1953, along with its negative influence on the way it renders its service to the community. He also mentioned the need for reevaluating the advantages and disadvantages of military service in the police.

He said that this has resulted in a type of compulsory agent who is ill trained, devoid of motivation, and demoralized; this is also demoralizing for the regular police officers.

He also announced the need for putting an end to the services rented by the police from private outfits, using officers paid from the public treasury and the modernization of the equipment of that institution. The General Command of the Military Forces is also ordered clearly to spell out the missions of the Army and the Police so that all personnel may be able to perform their proper duties; he furthermore announced the improvement of the living standard of NCO's and civilians working for the Armed Forces.

Here is the text of the document on the general policies of Landazabal Reyes during the current administration:

#### Ministry's General Policy

1. I assumed this office on the basis of the exclusive desire of the President of the Republic, with absolute and total independence of my own desires, so that I will consequently exercise the authority vested in me with the full freedom given me and within the regulations of the Military Forces and the National Police.
2. I expect absolute loyalty and constant confidence from all generals and admirals and particularly on the various echelons of command.
3. The exercise of command must be practiced on all echelons with an absolute institutional approach.
4. The decisions of the minister shall be based on careful studies submitted by the General Command and by the respective service and in no case shall any modifications be made which might have bad consequences regarding the immediate future.
5. My term of office will be established on the basis of a new directive whose text must be processed through the Legal Section of the Defense Ministry to establish the permanent rank of three-star general for a maximum term whose duration shall be proposed by the General Command and at the end of which the three-star general or admiral will have to go into retirement.
6. The permanent status of the commanders on all command echelons in their present jobs will be determined by the need for giving others an opportunity to hold these positions. Consequently, it is the responsibility of the commanders now holding positions of command to do everything possible so that those that come immediately behind may adequately prepare themselves to assume command when directed to do so.
7. In view of the policy spelled out by the President of the Republic concerning peace, neither the National Defense Ministry, nor the Military Command shall be obstacles to the success of the actions which the new administration wants to promote in search of the country's pacification.
8. In view of the new administration's policies and the necessities of the Colombian nation, the Armed Forces must prepare themselves in the shortest possible time to place a portion of their resources and personnel in the service of the country's development, for which purpose we must provide for the creation of Engineer units and development detachments with the participation of all forces so as to bring the benefit of their action in a priority fashion to the areas that have been hit by violence, to the national territories, to the Pacific Coast, and the Department of Choco. For this purpose, the General Command must present a study which among other things will cover the creation of Engineer battalions for the construction of roads leading into the interior and a Railroad battalion for the same purpose. These battalions will be employed exclusively within the Military Forces for the purpose of promoting the national development. The Navy will also organize a transportation company similar to SATENA to establish service on the rivers in national territory and in Choco.

9. The Military Forces will pay special attention to increasing the settlement areas in border zones, especially in the Venezuelan sector, for the purpose of guaranteeing the presence of Colombian citizens in the exploitation of the land and in the exercise of sovereignty over the land.

As a result of the points taken up and so that both the General Command and the forces may be able to accomplish the mission listed in them, the 5th departments for civilian-military cooperation must grow as much as possible and must provide adequate organization for their correct operation, plus a guarantee for the accomplishment of the new tasks. Civic action in cities must be stepped up by using the existing Engineer battalions in order to participate with them in the improvement of roads and neighborhood services involving broad sectors of the population; these efforts necessarily require the support of the Armed Forces so that these needs may be met.

Pursuing the ideas expressed earlier, the 10th, 11th, and 12th operational detachments will be converted into development detachments within the organizational structure of the new operational units.

Consequently and for the sake of the better accomplishment of the tasks assigned, the Military Forces and the National Police must implement and as much as possible intensify a general policy of approach toward and cooperation with the civilian population in all social strata.

10. It is important to make sure that the generals and admirals of the republic will constitute a real "Advisory Board to the Ministry of Defense" and to the administration itself in the field of national defense, producing a change in the way it has been operating until now, revising the directives governing its operations, as spelled out almost exclusively in the study on officer promotions and retirements which a large percentage of the officers is not familiar with and where the determination of the respective service commander is indispensable in making the officer who becomes a general or admiral realize what this promotion means and that he must use his own faculty of opinion development within the military establishment on all topics that he may be familiar with or that he may be ordered to study in connection with the armed forces as a whole and with the area of national defense; general officers and admirals must always frankly and at the proper time express their agreements or disagreements with respect to any plan, program, or project that involves a decision by the military high command or the administration in the matter of defense and security. They must as a matter of fact be certain that their arguments, discussions, or disagreements will not cause them any trouble within command circles.

11. The minister proposes to submit to the administration a military reform which will be studied and on which recommendations will be prepared by the General Command of the Military Forces; the study will cover the thorough revision of the organizational structure of the Armed Forces, their resources and deployment, in order to provide the proper orientation and substantial capacity in terms of performing their primary mission of protecting territorial integrity and national sovereignty; at the same time they must be adjusted to the new realities of the nation. The reform will have to be structured within the general framework of the military profession and its conception, discussion, and presentation must directly involve the participation of the Advisory Board of the Ministry. In this connection, the General Command is authorized to amend the curricula of the War College

and the military academies and to select the group of generals and admirals for the Advisory Board so that they may direct the above-mentioned reform process.

As an immediate problem to be solved within the reform mentioned above, it is necessary to provide for the organized issue of helicopters and a certain type of light command aircraft, both for the Army and for the Navy, while keeping in mind the fact that attack helicopters must continue to belong to the Air Force and that this service will take charge of maintenance in currently available installations; it will also be charged with the training of general utility helicopter pilots to be employed for the movement of small troop units and supplies in the course of territorial operations. The Air Force must to the extent possible provide for the organization of maintenance and inspection teams to prevent the loss of flying hours and the waste of equipment; this also applies to the possibility of doubling the maintenance basis for each of the theaters of operations.

The current situation shows us that the Navy urgently needs to get and use some aircraft which would make its operations more economical in connection with patrolling the vast sector of the country's territorial waters and related assets; the Army must urgently provide and employ its own helicopter and command aircraft units in order thus to enable the Air Force to concentrate on the development of its strategic, tactical air, combat, and air transport missions for air-transport units, for troop transports, and for supply shipments in significant quantities.

The most important point in the military reform will deal with the proposal of the possible establishment of an organization that will cover all aspects having to do with the sea and with the defense of sovereignty and this also includes the air space as well as surveillance and control of air space by pertinent ministries and organizations which, without losing the compactness of efforts aimed at the accomplishment of the priority national defense mission, will cover sectors that will facilitate and promote the country's maritime and air development within the framework of the best available possibilities.

Concerning military criminal justice, the reform must cover the following points.

a. Reorganization of military justice; the division must permit the decentralization of military criminal justice through the creation of adequate organizations for these purposes.

Study and provide for the creation of the Military Court of Appeals (three judges may be enough).

b. Amendment of Military Code (so that we may have a military code based on a military philosophy, not on a civilian philosophy).

To reform the recruitment process, it is necessary to study the possibility of creating a military service for peasants, with special programs, to be administered in local centers, providing the kind of instruction which can be given on Saturdays and Sundays; provision must be made to issue draft notices for mandatory military service concerning professional men who must report for such duty with the military development detachments and units. We must study the possibility of providing for and increasing the compensation and allowances for certain individuals in proportion to their level of education.

We must provide possibilities for filling vacancies with the help of temporary promotions in line with the requirements of the various services, through legal regulations permitting a reduction in the time in grade, according to operational requirements for the purpose of keeping the cadres on the level corresponding to the tables of organization and equipment.

It will be the concern of all command echelons, starting with the ministry itself, to issue weapons, uniforms, and individual equipment to all personnel of the forces in such a way that they will be able completely to accomplish the missions assigned to them; in view of the above, it will be necessary to continue the efforts toward the implementation and development of the PIAM.

The ministry wants to carry out three fundamental projects as of this moment.

(1) Creation of divisions in the Army, including in this organization the establishment of headquarters units and, as organic units, the Engineer battalion and the 155-millimeter artillery battalion.

(2) The Pacific Naval Base, providing facilities for the naval forces in that sector, in which connection it is proposed that a rear admiral of the Navy be appointed as minister of this project and as commander of the existing naval force.

(3) Creation and activation of the Vichada Air Base, in line with the study and proposal to be presented by the Air Force and the General Command.

13. Other, longer-term projects: Creation of development detachments, forces, or special organizations in the various services, for Vichada, Guainia, for Choco, Magdalena Medio, Caqueta, Putumayo, and Uraba, according to the recommendations of the corresponding study to be submitted by the General Command of the Military Forces.

It is necessary to reorganize and probably equip the Marines and to prepare a study for the purpose of determining whether the Marines should continue under the Navy or whether, on the contrary, they should be set up as a fourth service, independently of the others, which would, among other things, introduce the need for the formal organization of the Naval Military Police [Shore Patrol]. At any rate, the Marine Corps requires budget autonomy and this policy will be implemented under any circumstances and regardless of the decision to be made.

14. The National Police will concentrate on the accomplishment of its reorganized mission; that service will be given its full institutional dimension and its morale will be improved by virtue of its status as an autonomous responsible service.

15. It is important to revise and spell out the effects of the excessive militarization of the National Police starting in 1953 and its certainly negative influence on the way it rendered its services to the community. It is also necessary to re-evaluate the advantages and disadvantages of "Military Service in the National Police" which, to all intents and purposes, has produced a type of obligated police officer who is badly trained, devoid of motivation, and demoralized; this of course has a demoralizing effect on regular police officers and this, in turn, does not help in providing safety in the cities.



We must once and for all do away with the services rented by the police from private outfits, using officers paid through the public treasury; for this purpose it is necessary to issue a directive through which all police services of this type will have to be rendered by additional police officers, added to those who can be kept on duty for general community services with funds from the national budget, through the creation of a fund to which interested agencies must allocate the value of these services, in accordance with rate schedules that will have to correspond exactly to the total and long-term cost of the police officer, to be paid by the government, and through a very strict regulation designed to prevent a situation in which such officers in effect protect criminals and persons who, by virtue of their activities and background must under no circumstances receive the protection of the state; in this way they have tremendous amounts of money available to pay them. In other words, the Police will create its own group of watchdogs for paid service.

16. The Police High Command will submit a project for consideration by the defense minister concerning the creation, organization, and operation--in coordination with the SENA [National Apprenticeship Service]--of work training centers whose locations must be selected in each of the following sectors of national territory: Vichada, Guainia, Putumayo, and Choco, so as to promote on-the-job training there; this must also include an effort to get the highwaymen, rapists, car thieves, and burglars to adjust to proper community life. These centers must be built with materials and manpower in each of the regions to the extent possible.

17. The Police High Command will draw up a plan for the modernization of the equipment, armament, and communications equipment of this service within a reasonable period of time so as to meet the needs of its development and technical advancement.

The General Command of the Military Forces must reorganize and clearly spell out the missions of the Army and the National Police for the purpose of making sure that each of them will perform its proper function, using all of its capacities. As a consequence of the above, it will be necessary to draft the legal regulations necessary to suspend control over coffee smuggling and airports by Army personnel.

19. As of this date, the General Command of the Military Forces will concentrate its activities on planning, directing, and managing the national defense effort, giving the various services full autonomy in the administrative and logistic fields, in all of those aspects which do not directly deal with general national security. For this purpose it will also use the War College which must become a natural laboratory for the Joint General Staff so as not only to organize the military doctrine of the Armed Forces but also permanently to set up the organization and development of those forces.

20. The General Command must concentrate on planning the equipment issue, organization and facilities of the Armed Forces, providing for their projection not only for the current term and requirements but also for the immediate and remote future. In view of the above, it is necessary to provide for the corresponding increases in the personnel, in the respective cadres, both for the Army, the Navy, the Air Force, and the National Police; consideration must also be given to the new organizations to be created; it is also necessary to create the proper mentality, awareness, and realization that the Navy and the Air Force are short of higher-level and lower-level command personnel, technicians, ships, and enlisted personnel which they need urgently since they must represent an important power in accordance with the



nation's size as the third-largest country in South America, with two oceans and a vast territory to watch and defend.

21. The Armed Forces will in all territories under their jurisdiction take over the job of promoting civic campaigns aimed at teaching the children, the younger generation, and the people in general respect for the country's institutions, awakening the patriotism of the people, and filling the citizens with pride in the fact that they belong to the Colombian nation; it will be necessary to guide the lives of the people along the democratic direction of its institutions.

22. Personnel and units not assigned to the above-mentioned tasks will devote every effort to retraining and training so as to be able to accomplish the constitutional mission of defending the country's sovereignty.

23. The improvement of the living standard of NCO's and civilian employees of the Armed Forces will be a matter of permanent concern. The Military Housing Fund will place special emphasis on rendering this service to the largest number of NCO's and civilian personnel of the Armed Forces in the shortest time possible. Consequently, it will be necessary to submit a study to modify the requirements for the procurement of housing through financing plans which will guarantee the implementation of this policy. In a similar manner, it will be necessary to carry out policies for government housing in those two areas which are so important to the military establishment.

24. Periodically and in order to keep the defense committees of the Chamber of Representatives and the Senate of the Republic informed, along with the managers of the printed and electronic press, concerning the current situation in terms of public safety, the ministry will make a presentation, prepared by the Joint General Staff, to brief public opinion on the national situation in relation to internal security when such a presentation is considered convenient and necessary.

25. The Armed Forces must periodically prepare demonstrations of tactical and technical equipment and they must supply general information on national security in order to keep the reserve officers up to date and they must make every effort to create ever closer bonds of union between those cadres who yesterday constituted the various commands on all echelons of the military establishment and who today deserve our gratitude, our admiration, and our appreciation.

Gen Fernando Landazabel Reyes, National Defense Minister

5058

CSO: 3010/2240

LANDAZABAL EDITORIAL ON ROLE OF MILITARY

Bogota EL TIEMPO in Spanish 22 Aug 82 p 3-B

[Text] "The presence of the army in the streets impairs the democratic image of any country," said Defense Minister Gen Fernando Landazabal Reyes in the most recent editorial published in the periodical of the Armed Forces.

General Landazabal admitted that law and order is a responsibility of civilian authorities, of the government, and implementation of that requirement must be in the hands of police, not the army.

The police have the legal mission of "permanently seeing to the preservation of order, the prevention of crime, and compliance with the law by all concerned," says the editorial.

The document in detail analyzes the role of the army in democratic nations and makes it clear that its fundamental mission is national defense and intervention in public order when peace has been seriously disturbed.

This is why, the general added, "the permanent presence, in the streets of the big cities, of army units in field uniform impairs the democratic image of any country and creates the feeling that there is a dictatorship or repressive exercise of power by the established government."

The editorial questions the situation frequently arising in relationships between the army and the police and states that it often happens that the former does not support the latter but that the police often supports the army which implies that "the missions of both of these services have been turned upside down."

Symptom of Oppression

The custom of using the army on special occasions, in case of natural disasters, has caused the people to develop an unfair idea of what is happening and the atmosphere of repression is thus promoted without need. "This is why," continues the document, "the permanent presence of the army in the streets is taken as a symptom of oppression, as a repressive threat to forced compliance with the law, and not as a simple civic call issued by the government, a call for order and peace."

Gen Landazabal Reyes then briefly noted that society must contribute to social order and that each of society's most decisive segments has a role to play and standards to live by.

In this sense he said that "those who believe in the goodness of freedom of expression cannot use it to turn it into a panacea for slander or crime, thus endangering its exercise and, through their inadequate action, forcing restrictions on this sacred right of the individual, of peoples, and of the popular masses."

He also maintained that those who believe in freedom to teach must not use it to guide and teach in a single direction only and that those who believe in social justice and aspire to it cannot force the majority to move in a direction it does not want.

The editorial concludes by emphasizing that the army is established for national defense, it is a body that has special training and its "mental structure is geared toward combat."

The defense minister therefore asked the civilian authorities in their various categories that they abstain from requesting the presence of the national army in those places and on those occasions where public order only calls for the presence of the police. In this sense he said that "it should be the guiding standard of the regional or local military commander to persuade the civilian official as to the advisability or inadvisability of calling in the troops in one situation or another."

5058  
CSO: 3010/2240

## FURTHER REPORTAGE ON MILIAN FAO SPEECH

FL090127 Havana Domestic Television Service in Spanish 0000 GMT 9 Sep 82

[Text] The 17th FAO conference for Latin America today continued here in Managua, Nicaragua. In its second day of sessions, Comrade Arnaldo Milian, vice president of Cuba's Council of Ministers and minister of agriculture, made a speech in which he said that food is an integral and indissoluble part of all problems economically affecting the underdeveloped countries.

Milian said the U.S. Government uses food as a weapon against poor countries. After referring to the serious difficulties being experienced by Latin America, such as a drop in the prices of export products, inflation, unemployment and the low rate of economic growth, the Cuban leader noted that the region's gross foreign debt amounts to the astronomical figure of \$240 billion, and that based on this, the developed capitalist countries are conducting a financial policy that raises the interest rates to such unbearable levels that they constitute true usury.

[Begin Milian recording] In the particular case of Cuba, despite the evident progress of the national economy and our efforts, the capitalist international economy, the reduction in the supply of credit and financial resources to Third World countries, the dramatic drop in the price of sugar and continued pressure by the U.S. Government against Cuba, thereby contributing to the withdrawal by capitalist banks of \$500 million in short-term deposits in the past 8 months from Cuba's national bank, has forced our country to propose to its creditors of medium- and short-term loans a partial renegotiation of its debts. [end recording]

Elsewhere in his speech, the Cuban agriculture minister stated that in many parts of Latin America two completely different agricultural sectors still exist: one modern, developed and dynamic, particularly devoted to the production of export products; and another traditionally poor and backward, which is kept out of the economy and progress. This coexistence, he said, makes it possible for a concentration of lands in the hands of a reduced number of great owners on one side and a growing mass of small farmers on the other barely subsisting on small parcels of land subjected to archaic forms of exploitation.

[Bein Milian recording] Mr President: This conference cannot remain indifferent to the massacre of peasants and rural dwellers taking place in some countries of the region by governing elements representing the powerful classes and supported by imperialism. This conference must express its most energetic condemnation of these brutal acts and support the right to a better life of those who, with their sweat, make the land produce man's food. [end recording]

CSO: 3010/2326

## IMPORTANCE OF SPARE PARTS MANUFACTURING NOTED

Havana GRANMA in Spanish 5 Aug 82 p 3

[Article by Diana Sosa]

[Text] Manufacture of spare parts in our country has resolved innumerable problems caused by wear and tear on basic equipment components, the immense majority of which originate in the capitalist world. It has saved the national economy millions of pesos, besides preventing shutdowns of major manufacturing centers.

How many industries would have ceased producing foods, consumer items, or equipment if it were not for the creative initiative shown by our workers and technicians, and their firm resolve not to succumb to this sort of difficulty.

The number of firms under the various ministries that now manufacture spare parts has been growing. In the first half of 1982, there were 937 throughout the country, and the value of spare parts production reached nearly 77,500,000 pesos, according to information supplied by the State Statistics Committee.

Of these 937 firms, 50 percent are indicator firms--that is, they have their own manufacturing plants. These data are based on a number of indicators selected by the National Statistical Information System [SIEN] in effect for this year, although there are other planned and unplanned production programs that are not taken into account in the production levels recorded for the various official agencies and the provinces.

Beginning with the current month of August, SIEN will increase the number of indicators it uses in order to guarantee that their statistics reflect total production by all firms.

Of the 937 spare parts manufacturers, 767 reported during the first semester of production--in other words, 170 failed to report. This lack of compliance was noted mainly in Pinar del Rio and Havana City, although it occurred to a lesser extent in the provinces of Havana, Sancti Spiritu, Las Tunas, Camaguey, and Santiago de Cuba. Why?

This situation, in addition to preventing direct control by the State Statistics Committee, makes subsequent good planning difficult, and what is very important, it prevents other industrial centers that may need some of these parts from

using or requesting them, out of ignorance that they are being produced or are available in some other part of the country.

Although in general the quality of reporting by firms to the State Statistics Committee has been improving, there are still deficiencies other than those mentioned above, such as incorrect pricing of products, failure to report all items used in manufacturing the products, and reports of compliance with the economic plan by firms not qualified as indicator firms. The State Statistics Committee is working to eradicate such deficiencies, with support from our party and various state agencies.

In order to permit proper planning, pricing and use of spare parts, adequate and timely reporting of production or discontinued items is required from every firm in the country. This will guarantee the success of all the efforts originating with the industrial centers, where thousands of men and women are working to keep our factories on the march.

9839

CSO: 3010/2226

## VILMA ESPIN DISCUSSES FMC ASSEMBLY MEETING

Havana GRANMA in Spanish 4 Aug 82 p 3

[Article by Diana Sosa]

[Text] "Woman--a decisive force in savings, production, and defense"; with this slogan, the Federation of Cuban Women [FMC] will celebrate the twenty-second anniversary of its formation next 23 August. For the occasion, Vilma Espin, alternate member of our Communist Party's Politburo and president of the aforesaid women's organization, speaks to our readers about the main events taking place throughout the country to celebrate the day.

"Our organization finds itself stronger upon reaching its twenty-second anniversary. For some time now, the members have been working toward this celebration, and our goals are to continue fulfilling the provisions of the Third Congress of the FMC--to stimulate the rank-and-file members on the occasion of their new anniversary, to improve efforts to emulate the 'Twenty-fourth Year of the Revolution,' to promote the projects set out in the federation's work plan, and to continue collections by members to help cover costs of the Territorial Troop Militias."

Vilma explained that in addition to promoting the fundamental projects in each of these spheres, the organization is also moving ahead on commitments made for the cane harvest and other sugar-growing labor projects where many members participate, and is advancing economic projects as well. Priority has been given to labor in the tobacco, coffee, vegetables, garden produce, fruit, citrus, and other harvests, as well as incorporation of such wage-earners and voluntary laborers as may be recruited, in addition to carrying out voluntary labor, especially in the provinces affected by the hurricane 'Alberto.'

"In order to encourage emulation we have proposed four stages corresponding to the Days of Ideology. Thus, in July, in celebration of our anniversary, encounters will be held between rank-and-file and intermediate organizations in order to check on achievements as of the 26th of July, and outstanding members will be named.

"In every municipality, an 'Encounter Between Two Generations' will be held between youngsters who have reached 14 years of age and older women. These encounters are highly stimulating and exciting. In them, the girls ask the older



members about things that happened years ago. Women who fought in the war of liberation or were in the underground participate in the meetings and explain their contributions. The usual rank-and-file activities with which we celebrate 23 August will also take place, and there will be special events to mark the occasion in the various municipalities and provinces."

#### Assembly Proceedings

The FMC recently concluded the assembly proceedings of reviewing, evaluating, and/or ratifying mandates. Concerning the results, Vilma declares: "At each new congress, at each new provincial assembly, at each new stage, we see the progress the membership has made, the improvements women have made, and the perfection of our organization, and we stick to our working methods more and more rigorously. In addition, we see the strength the organization has at the grass-roots level; that there are criticisms when a delegation fails to perform, or when a bloc doesn't function properly. We further see how all these matters come to the attention of the provincial assembly itself.

"Beginning last January--it has already been 2 and a half years since the last assembly proceeding--there have been assemblies throughout the country for the rank-and-file membership. These meetings to renew and/or ratify mandates among the delegations were followed by bloc meetings, and later the municipal and provincial meetings, which ended only recently.

"The assembly meetings were held in 100 percent of the delegations, and 61 percent of the leaders at this level were ratified in their positions. Each of the blocs held meetings as well, and 60 percent of the leaders at this level were also ratified."

Reference was made to the gratitude felt by all the members in the assemblies from the delegations right up to the provincial level toward the comrades who leave their leadership posts after many long years of labor, and who in some cases retire due to advancing age, but who really never stop working for the FMC.

"The municipal assemblies were attended by 95 percent of the delegates, or 31,380 individuals. Attendance broke down as follows: workers 56 percent, housewives 36 percent, students 4 percent, and retirees 4 percent." There are provinces where the number of worker members is high, and this fact was reflected in the municipal assemblies as well, said the president of the FMC, and she emphasized that 5,562 members were elected in the municipal committees, and 99 percent of the delegates attended the provincial assemblies.

"At this provincial level, the percentage of worker members was higher--some 75 percent. Housewives comprised another 18 percent, students 2 percent, and retirees 5 percent. The provincial committees elected 887 members.

"We want to say that each proceeding revitalizes our strength, but this last one has been particularly exemplary; there were no setbacks in its development. This is due to experience, to the revolution itself, to the progress our comrades have made, to the level they have attained. The members have participated in the entire proceeding, from the rank and file up to the provincial

level, and every woman was able to take part in her delegation, state her concerns and problems, express her opinions about the FMC leadership, and even about other aspects of the progress of work in her community and neighborhood. Some very important facets of the life of women and their problems were brought out."

Vilma emphasized that evaluation of the efforts carried out during this latest stage has served to intensify the projects now before the organization, not only in their positive but also in their negative aspects. There has been a very strong spirit of criticism and self-criticism in each of the reports rendered, and she pointed out that there were fruitful debates at each of the assembly meetings.

"In the assemblies, the discussion concerned not only the work of the members; various topics were amply treated, for example, the incorporation of women into the labor force, their training, retraining, and promotion in industrial centers, their political work, work among the agencies of People's Government, the performance and accountability of the womens' employment commissions, how these should be made stronger so that when offices become vacant at industrial centers the women who have been helping out by volunteering labor will always be taken into account. The need to achieve greater efficiency and demand greater quality in services was also discussed."

#### Other Assembly Topics

Vilma indicated that the upbringing of the new generation and the role of Mothers Who Fight for Education and their efforts in the school system also awakened the interest of the delegates, and likewise fundamental questions were raised concerning the FMC's efforts in the area of social prevention.

"The internal workings of the FMC have been a permanent topic for discussion in all the municipalities, since in a general sense we manage to achieve satisfactory parameters of attendance at meetings of the leadership organizations and the meetings of the rank and file, but we want our performance in this area to be 100 percent, because it is the life of the organization. This is where woman develops herself and expresses her contribution to society through her voluntary participation in rank-and-file organizational efforts.

"We cannot feel satisfied as long as there is a single delegation that is not functioning properly, that is less active than it should be, as long as there are rank-and-file assemblies attended only by a small number of women," this womens' leader said.

She explained that the study sessions held jointly with the Committees for the Defense of the Revolution [CDR] and the National Association of Small Farmers [ANAP] have merited attention at every level of the organization, underlining the need to improve their quality as they unfold. Health projects were also discussed, especially hygiene and renewal of the "My happy, pretty home" program, as well as the need to intensify efforts to encourage women to have biopsies.

"As far as early motherhood goes, various essential points were made, such as its negative influence, not only because the pregnancy develops before the adolescent's body has attained the necessary biological conditions, but also its adverse effect on the mother's social contribution, since in the majority of cases the pregnancy forces the woman to give up her schooling and lose the valuable opportunities she has to prepare herself to be useful in our country's development."

The numerous projects carried out by members using their own resources to decorate the thousands of meeting places and offer gifts to the delegates were praised by Vilma, who spoke of the artistry of the work done. She also thanked various organizations of the masses, and state and party agencies for their cooperation in making the assemblies a success.

"We must underline the deep revolutionary fervor that has been expressed in all the assembly meetings that have been held, where we have seen expressions of solidarity with women of other countries of the world, and strong support was offered for the declarations made by Comrade Fidel in his closing remarks to the Fourth Congress of the Union of Young Communists [UJC] and the Sixth Congress of ANAP, and the willingness of all the women to contribute financially to the Territorial Troop Militias."

Finally, the president of the FMC referred to the support by all the country's women for the philosophy of our Commander in Chief of the 26th of July, and she read a declaration by the womens' organization to that effect.

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CSO: 3010/2226

## REPORTAGE ON CEREMONY HONORING SOVIET ENVOY

Havana GRANMA in Spanish 4 Aug 82 pp 1, 3

[Text] Commander in Chief Fidel Castro, first secretary of the Central Committee of the Communist Party of Cuba and president of the Council of State and the government, yesterday conferred the order of solidarity on Vitali Vorotnikov, a member of the Central Committee of the Communist Party of the Soviet Union and ambassador of the USSR to Cuba, who is now concluding his responsibilities in our country.

The order of solidarity, instituted by the Cuban Council of State, is the first one to be conferred.

The ceremony was also attended by General of the Army, Raul Castro, second secretary of the Central Committee of the Party and first vice president of the Council of State and the government; Jose R. Machado Ventura, Arnaldo Milian and Osmany Cienfuegos, members of the Politburo, as well as other members of the Central Committee, vice presidents of the Council of Ministers and members of the Council of State.

Also attending were Flavio Bravo, president of the National Assembly; Rene Anillo, Cuban ambassador to the USSR; Jose R. Viera, acting minister of Foreign Relations; Rene Rodriguez, president of the Cuban Institute for Friendship for Peoples [ICAP]; Zoilo Marinello, president of the Association for Cuban-Soviet Friendship, as well as officials of the Soviet Embassy. After our commander in chief conferred the high honor on Vitali Vorotnikov, they embraced one another and exchanged a firm handshake as a symbol of the brotherhood and solidarity which exists between the Cuban and Soviet people.

Moments before, Jesus Montane, in speaking for the Council of State, pointed out the hard work and fine attributes of Ambassador Vorotnikov, and he expressed how the Cubans have come to admire his unaffectedness, his modesty and his ability to establish and promote the exemplary ties of brotherhood that unite Cuba and the Soviet Union, his interest in learning firsthand about our country and its problems, and his friendly, warm and understanding nature.

Montane later indicated that there is nothing more dear to the communists than the idea of solidarity, and he cited examples of solidarity afforded by the Soviet Union to our country and to other countries and which Cuba itself

offers to other brother countries. He emphasized the great importance that the Cuban Party and Government attribute to this order of solidarity and the high honor our people feel in having as the first recipient, our friend Vorotnikov, a Soviet communist and member of the Central Committee of the party of Lenin. Montane concluded by stating, "Accept it then, as a tribute to you, to your people and to your party, as a renewed expression of the unbreakable revolutionary, internationalist, fraternal and human bonds that unite the Soviet Union and Cuba; another reaffirmation that our two countries will always continue to be united, regardless of how long and difficult the road may be, and that we will march forward to the final triumph of our noble and just communist ideals."

Next, Vitali Vorotnikov took the floor and expressing his deepest appreciation to the Central Committee of the Party and the Cuban Council of State for having conferred on him the order of solidarity, signifying great honor and responsibility.

He stated that the high honor was bestowed not only on him because of his efforts, but also for the work carried out by the entire staff of the Soviet Embassy and all of the Russians in Cuba; that it was bestowed as well on the Communist Party of the Soviet Union which taught the Cuban people about work and struggle, the spirit of patriotism and the great sense of internationalism.

"But the most important aspect of that collaboration is that it reflects the indestructible unity between our two peoples, the brotherhood between the Soviet Union and Cuba and the great love that the Soviets feel for the Cuban people and the Cubans for the Soviet people. And we will always have that sense of love, during the good times, the bad times and in times of hardship. This is how it has been, is now and will be forever," said Ambassador Vitali Vorotnikov in conclusion.

#### Council of State Resolution

The Council of State of the Republic of Cuba, using the powers granted to it, has approved the following:

#### Resolution

First: To bestow the order of solidarity on our comrade Vitali I. Vorotnikov, Soviet ambassador to Cuba, in recognition of his valuable service rendered in solidarity with our people.

Second: That he be decorated with the insignia of the order at a solemn ceremony by president of the Council of State, Fidel Castro Ruiz, marking the end of his mission to Cuba.

Held: in the Palace of the Revolution, in the city of Havana on 3 August 1982.

Fidel Castro Ruiz  
President of the Council of State

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CSO: 3010/2203

## NICARAGUAN STUDENTS VISIT SANCTI SPIRITUS

Havana JUVENTUD REBELDE in Spanish 30 Jul 82 p 2

[Text] Sancti Spiritus--On 19 July a delegation of Sandinist youth leaders visited various sites of historical and economic interest in this country at the invitation of the Union of Young Communists [UJC].

The group of young Nicaraguans toured the town of Trinidad where they visited historical sites related to the revolutionary struggle and colonial past in this town founded by the Spaniards in 1514.

Yesterday morning they took part in a discussion led by veterans of the struggle against rebels in the mountains of Escambray and by soldiers of the rebel army and the secret police.

The activities began with the placement of a floral offering on the monument erected to Major General Serafin Sanchez Valdivia in the Plaza of the Revolution in this city, where Lazaro Villavicencio of the provincial committee of UJC gave some historical background on the courageous Mambi separatists.

The Sandinists were interested in hearing about the most important facts surrounding the insurrectional struggle in this area of the country and how the rebel bands were eliminated in the mountains of Escambray.

Israel Hernandez, vice president of the commission on veteran affairs, emphasized the brotherhood which exists between the Nicaraguan and Cuban people, and he declared that the bands which are now operating in Nicaragua and killing defenseless teachers are backed by Yankee imperialist advisors.

The Sandinist leaders will also visit a cooperative for agricultural production in this province in order to become acquainted with the achievements of the rural population in combination with new production methods.

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CSO: 3010/2203

## BRIEFS

CUBAN-ARAB MAGAZINE--The EL ARABE magazine, official organ of the Arab Union of Cuba, will be on sale at all the country's newstands beginning next January. In an interview with Radio Reloj, (Emilio Amin Nasser), director of the publication, said that at present EL ARABE has a domestic flavor since it is edited for persons of Arab descent in Cuba, the diplomatic corps and to be sent abroad. Beginning in 1983 our by-monthly magazine will be distributed throughout the nation as a means of strengthening even further the fraternal relations between the Cuban people, party and government, and the Arab cause in the struggle against Zionism and imperialism, (Nasser) said. [Excerpt] [FL031610 Havana Domestic Service in Spanish 1423 GMT 3 Sep 82 FL]

JOURNALISTS DAY--Alternate Politburo member Miguel Cano Blanco, first secretary of the party in Holguin Province, has closed the main ceremony held in Holguin marking International Journalists Day. Alternate Politburo member Antonio Perez Herrero and Ernesto Vera, [vice president of the International Organization of Journalists], also attended. [Excerpt] [FL091300 Havana Domestic Television Service in Spanish 1123 GMT 9 Sep 82 FL]

SPARE PARTS MEETING--Politburo member Jose Ramon Machado Ventura and Carlos Lage, alternate Central Committee member and first secretary of the Union of Young Communists, have presided over a national meeting on spare parts held in Havana. During the meeting it was announced that the 506 youth technical brigades working in 20 centers have produced 530,000 spare parts valued at 4 million pesos and destined for the sugar industry. [Havana Domestic Television Service in Spanish 1127 GMT 9 Sep 82 FL]

BULGARIAN, DPRK ANNIVERSARIES--The Cuban Movement for Peace and Sovereignty of Peoples [MPSP] has sent a message to the National Committee for the Defense of Peace of Bulgaria on the 38th anniversary of the country's liberation. The message says that in spite of the threats and the real danger of war in the world, the struggle for peace will continue to prevent imperialism from destroying the achievements of earlier generations. The MPSP also hailed the 34th anniversary of the founding of the DPRP in a message sent to the Korean Peace Committee, saying that the MPSP joins in the worldwide support for the peaceful and independent reunification of Korea. [FL081645 Havana Domestic Service in Spanish 1404 GMT 8 Sep 82 FL]

## CHARLES CONFIDENT OF IMF, WORLD BANK HELP

FL152200 Bridgetown CANA in English 1830 GMT 15 Sep 82

[Text] Roseau, Dominica, 15 Sep (CANA)--Dominica's Prime Minister Eugenia Charles has expressed confidence that the International Monetary Fund (IMF) and the World Bank will receive a major increase in contributions from its developed member countries to help the Third World out of current economic difficulties.

Speaking on her return home from Canada where she attended the IMF/World Bank annual meeting, Miss Charles said "Although some of the industrialised countries were not prepared to look at the matter from the Third World countries' angle," she was confident that "there will be an increase of up to 50 percent in funding of the IMF and the World Bank."

Miss Charles said that an important matter discussed at the Canada meeting was the question of lack of sufficient money in the IMF and the World Bank to meet the loan demands of poor borrowing states.

She said that this view was shared unanimously by all Third World states and some of the larger countries as well.

Dominica has entered into a three year 37.5 million dollar (1 EC dollar ; 37 cents U.S.) loan agreement with the IMF to help restore the island's ailing economy.

Miss Charles who also attended the preceding commonwealth finance ministers meeting in London said that both the IMF and the World Bank were heavily criticised by the Third World countries over the institutions' lending policies.

CSO: 3025/1149



## BRIEFS

JAMAICAN COMMISSIONER--Roseau, Dominica, 16 Sep (CANA)--Jamaica's new high commissioner to Dominica, Ellen Gray Bogle, today presented her credentials here to President Aurelius Marie. Mrs Bogle, who replaces Mr Gordon Wells, also met with Prime Minister Eugenia Charles and permanent secretary in the Ministry of Foreign Affairs, Wosley Louis. The Jamaican envoy is also accredited to a number of other Caribbean states, including those with associated statehood with Britain. [Text] [FL162150 Bridgetown CANA in English 1838 GMT 16 Sep 82 FL]

CSO: 3025/1149

## ANTEL LOSSES DUE TO TERRORIST ATTACKS SURPASS 14 MILLION

San Salvador EL MUNDO in Spanish 18 Aug 82 p 2

[Text] More than 14 million colons have been lost because of bombs placed by extremist organizations in telephone booths, offices and buildings of the National Telecommunications Administration [ANTEL] between 1979 and the present, according to information provided by the organization.

In spite of the situation in the country, it was affirmed that ANTEL has emergency plans to continue covering repair and replacement costs for equipment, telephones and furnishings which are damaged by dynamite attacks. Expenditures for damage repairs are considerable; however, it was explained that needs are fortunately being met without causing ANTEL to neglect its work on projects which are extending the telecommunications network to a nationwide level.

Sources also indicated that ANTEL has at its disposal its technical, financial and administrative resources and a loyal and competent work crew of more than 5,000 employees who service the extensive and complex linkage for the telecommunications system in the 261 municipalities and districts of the country. "Thanks to such cooperation, ANTEL is able to provide service day and night at a national level," stated the spokesmen.

Since events are unpredictable, they explained, ANTEL is making financial and technical provisions so that when attacks against ANTEL telephone booths and buildings occur, damage will be repaired and service restored in record time.

Lastly, it was reported that plans for extending the national telecommunications system continue to be developed according to schedule in order to provide new plants and networks for the automatic telephone system in the cities and to bring service to rural areas. It was also explained that ANTEL is continuing its personnel training program which utilizes the know-how of domestic and foreign experts.

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CSO: 3010/2245

## MASSIVE RURAL MIGRATION INCREASES HOUSING DEMAND

San Salvador LA PRENSA GRAFICA in Spanish 19 Aug 82 pp 2, 32

[Text] The normal demand for housing, created by the increase in population which is now accelerating, is becoming even greater in the cities because of massive migration from rural areas. This migration is brought about by the centralization of public resources, according to Engineer Leon Sol, at the planning conference.

Sol added that the above-mentioned migration creates a regional imbalance that leads to the chronic stagnation of cities in the interior part of the country. He explained that all of this is related, in part, to housing demand problems, but it is also important to point out the problems of supply.

Regarding the supply of housing, there are many analysts who agree in pointing to the high cost of urbanization and speculation as the main reasons that the supply of land is permanently exceeded by demand. He added that it is necessary to probe even deeper into the problem in order to understand the true causes of this phenomenon, since the ones already mentioned are only the effects.

At the planning conference, Sol explained that one of the causes of speculation is the desire of some families to live in certain "high prestige" neighborhoods rather than in a new development where they do not know their neighbors, although the type of neighbors one will have can be surmised from the type of housing being built.

He stated that another cause is the "secrecy" under which the promoters of "pirate developments" operate. In its efforts to curb them, the government has punished the residents more often than the landowners, who simply cover their risks by increasing land prices, while new property owners cannot have their deeds notarized nor take advantage of any government investment programs. The rehabilitation program for marginal developments, sponsored by the Institute of Urban Housing, is a very small effort in relation to the magnitude of the problem under discussion.

Sol concluded by saying that conclusions and recommendations will be obtained from this First Planning Conference and will be offered to the appropriate governmental organizations involved in the areas of land, people and cities.

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CSO: 3010/2245

## ARTURO ARGUETA OF ISTA DENOUNCES LAND REFORM CORRUPTION

San Salvador LA PRENSA GRAFICA in Spanish 23 Jul 82 pp 3, 54

[Text] Sixty days after assuming his post, the new president of the Salvadoran Institute of Agrarian Transformation [ISTA], Dr Jorge Arturo Argueta, reported yesterday that he had found a high level of administrative corruption in the organization.

The official made the announcement during a press conference stressing various points in order to reinforce his statements. He stated that first of all, since its establishment, ISTA has never had an internal audit department, much less an external one, such as the Government Court of Accounts, and therefore, Argueta has found it necessary to request a permanent delegation from that organization to perform a thorough audit of the management of ISTA funds since 1980.

In his statement, Dr Argueta, who was accompanied by his advisors, indicated that in making an in-depth investigation of the situation, he has discovered a deficit between the reform sector cooperatives and the agrarian reform financial system of 74.615 million colons, which is an outrage, and 15 million of it is irrecoverable. With respect to the other 59.5 million, the government will have to pay it off in some manner. He said, "I believe that up to the present time, the agrarian reform has been completely negative."

#### Diagnosis

Dr Jorge Arturo Argueta explained to the domestic and foreign journalists present at the conference that his purpose in convening the meeting was to provide the Salvadoran people with the "real diagnosis" of the situation which he has found at ISTA only 60 days after assuming the position of president. He cited the following as relevant problems which he considers to be most important in reforming what has been administered so badly:

- 1) Acquisition of new land;
- 2) Finding ways of acquiring the necessary funding in order to meet the debt obligations that must be paid off, since ISTA has no funds of any kind with which to pay the outstanding debts left by the previous administration;

3) Speeding up agriculture and livestock production on the ranches under reform, where the benefits derived have been meager due to the slowness of the work. He said that this sluggishness has been evident in the fact that during the 2 and a half years in which agrarian reform has been in operation, only six public property deeds to cooperatives have been surrendered. On the other hand, he reiterated, "during the first 60 days alone since I have been in charge of ISTA, I can announce with pleasure that next Tuesday, the 27th of this month, 12 public titles to an equal number of agrarian cooperatives, including 15,921 plots of land, will be surrendered by the president of the country." These public titles which are duly notarized, correspond to land located and purchased from owners in the districts of La Libertad, Sonsonante, Ahuachapan and La Paz.

#### Corruption

Dr Argueta described the administrative corruption found in ISTA as the distribution of large sums of money invested without any control, either internal or external. With respect to the co-directors appointed to the large farms under reform, whose job was supposed to have been the control of the management of such funds, their administration was negative and corrupt, according to Dr Argueta. There is documentation to prove all of these statements. He said that there was also corruption in the marketing of the agricultural products which were obtained during those 2 and a half years of ISTA operations.

He also indicated that funds earmarked for a particular sector were diverted for other purposes apart from agrarian reform without any controls. The directors had a great deal to do with it, as their job was to exercise control of the various funds to insure that they were used for the purpose for which they were intended.

Dr Argueta indicated in general terms that what he discovered during his 60 days in office as president of ISTA exceeds the limits of imagination; such as mistakes in publicity, mistakes in direction (especially involving large sums of money) in what is called "molecularized distribution of funds."

#### Debts

ISTA presently has enormous debts to pay according to its financial records, "and what is worse," said Dr Argueta in response to questions presented to him, "is that we do not know where those millions of colons can be obtained in order to pay them."

It is likely that at the request of the Court of Accounts, the Permanent and Special Commission, whose tasks are now being developed, will have to define responsibility. Argueta responded to another question saying, "It is possible that as a result of the investigations and audits that will be conducted by the commission, names will be revealed of those people involved in the poor management of ISTA funds, but that is not my responsibility. The Government Court of Accounts, whose job is to monitor the proper allocation of government funds, will have the final word in the investigations."

## Excessive Personnel

Another revelation made by Dr Argueta was that when he took over the position, he found an excess of nonessential personnel receiving substantial salaries. "There have not been any dismissals yet," he stated, "but we are concerned that these employees show efficient and adequate performance in their jobs, which will be relocated. Naturally we will have to dispense with the services of anyone who does not perform his work efficiently."

## Objectives

Dr Argueta concluded by stating, "My main objective in this position is to consolidate agrarian reform in a technical, rather than a political manner; to finance the agribusiness production process through the cooperatives which will certainly have to be reorganized; and finally, create a system of financial controls which will guarantee the effective management of funds in such a way that not a single cent belonging to ISTA will be free of government control."

He said, "We also have in mind the idea of enlisting the contribution of youth, so that agrarian reform will meet the goals for which it was created. We strongly support such reform, and we will keep the public informed on a regular basis on all the steps we will be taking to make it effective. We will increase legal rights for those receiving land as well as for those from whom land has been expropriated. We will promote agribusiness, and we will do everything in our power to increase and diversify products in the agricultural and livestock sector." "For all of this," he explained, we hope to and are certain that we will be able to, rely on the technical and specialized contribution of the Ministry of Agriculture and Livestock, and we will place special emphasis on agrarian reform in meeting not only the production goal, but also in assisting those who participate in the program by extending services in health and housing.

"With regard to housing, we will rely on the firm promise of the under-secretary of housing that it will become a reality within a short period of time. That agency will offer us its firm support in creating what will be called, 'productive models of rural housing.'"

He concluded, "In summary, we plan to carry out strong agrarian reform which will achieve the objectives for which it was created."

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CSO: 3010/2245

## COTTON GROWERS REQUEST PREFERENTIAL TREATMENT

San Salvador EL MUNDO in Spanish 10 Aug 82 p 2

[Text] A large number of cotton growers who suffered losses in the marketing of the 1980-81 harvest and could not settle debts which are in arrears as a consequence of the crisis facing the country, requested better treatment from agencies of the central government and the nationalized banking system in order to escape from economic prostration to which they said they have been relegated.

They explained that statistical data gathered by the Salvadoran Cotton Cooperative Ltd has no practical meaning for many of them since the 1980-81 harvest, instead of profits, left them with a deficit. Added to the economic problems which they have had so far this year, this leaves them with an extremely serious situation. They pointed out that in the previous harvest, total production in bulk was 2,602,871.40 quintals in an area of approximately 83,000 manzanas, with an estimated income per manzana of 2,410 colons, while for many farmers the production cost per manzana was over 3,000 colons.

They also pointed out that cotton farming requires much work since it is seasonal activity, affected by the worst pests known in the farming industry. This requires a series of obligations and commitments, especially in contracting hundreds of workers. The cotton growers argue that they deserve preferential treatment from the banking system as well as from monetary authorities in order to cover financial commitments from old accounts, in addition to more flexible equipment credits, debt refinancing, lower interest rates and price supports guaranteeing them a profit of 10 percent. They asserted that these requests have been presented on several occasions, and until now, they have not been addressed satisfactorily.

Industry sources explained that they are associated with the cooperative since 1940, the founding date of the institution, but they made it clear that the cooperative and the cotton producers' guild are two different things, and that although COPAL receives, processes and sells ginned cotton, the proceeds of the sale do not always represent earnings for the guild because from what is earned, costs must be deducted. Government backing is needed if cotton cultivation is to be saved as the activity which generates the most employment in Salvador's agriculture.

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CSO: 3010/2261

## SALARY, JOB HIRING FREEZE TO CONTINUE IN 1983

San Salvador EL MUNDO in Spanish 10 Aug 82 p 3

[Text] The present wage freeze for the public sector should be continued in 1983 and positions vacant this year will be eliminated next fiscal year, according to recommendations made by the executive power to all ministries of state.

Obviously, it is pointed out, no new positions should be projected for 1983 and before October of the present year, all agencies should provide the Finance and Planning Ministries, in the format they request, with lists of the vacancies. A document signed by President Alvaro Magana has been delivered to all public agencies as guidelines for preparation of the 1983 budget.

The document also indicates the following policies to be followed in the formulation of the budget: 1) At the basic unit level, the 1983 budget should be smaller than the one approved for 1982; 2) The executive units ought to stress efficiency and productivity in their activities, and 3) The expenditure programs should be thoroughly reviewed in order to eliminate unnecessary line-items, to postpone those expenditures to next periods that can justifiably be done and to reduce to the minimum those necessary, vital and indispensable.

It is also recommended that preference be given to essentials, national products and enterprises in supply programs and that use of foreign exchange in importing nonessential goods and services be avoided. New programs ought to be postponed and resources utilized for important ones already in advanced stage of execution.

Several strategies are suggested for implementing those policies, for example, avoidance of investment programs identified as not creating capital goods and encouragement of effective use of foreign loan resources to minimize borrowing costs, strengthen the balance of payments and avoid diverting funds from the Treasury while awaiting disbursement.

It is also suggested that execution of investment programs be authorized only for branches of the public administration concerned with strategic sectors of the national economy and in accordance with the priorities of the present government, assuming that the necessary absorptive capacity exists and taking into account important programs already in progress.



## BUSINESS CALLS FOR MORE DYNAMIC GOVERNMENT ROLE

FL111635 Bridgetown CANA in English 1455 GMT 11 Sep 82

[Text] St Georges, Grenada, Sep 11 (CANA)--Grenada's leading private sector organisation, the Chamber of Commerce and Industry, has urged the government to assume a more dynamic role in the key agricultural sector.

The chamber said in a document just released here that an official programme to govern crop and livestock production was long overdue.

It said too that meaningful targets in the agricultural sector were not adhered to and that there was a need for agricultural officers to be better trained, motivated and encouraged in an effort to enable them to perform their duties more effectively.

The document cited the lack of adequate producer organisations, farm management praedial larceny, as well as marketing facilities and taxation among the other major constraints to providing greater employment opportunities in the key economic sector.

The chamber also said that farmers were faced with management problems and that an acute shortage and low productivity of labour had restricted their ability to maximise their returns on investment.

The chamber said the presence of state-owned farms had further aggravated the productivity problem, as workers turned towards these large estates where supervision was more lax.

It suggested the creation of a special farm employment programme offering the "right incentives" to lure unemployed youths to existing vacancies on private and state farms.

The Chamber of Commerce document said praedial larceny was continuing to frustrate the efforts of farmers and because too little attention was being paid to the problem, many farmers "are resigned to the inevitable resulting losses."

In this regard, it urged the authorities to view the problem as a high priority area for solution and recommended that several laws be instituted and enforced to check the offense as the frustration experienced by farmers was extreme.

On the question of taxation in the agricultural sector, the chamber stated that this was presenting a greater deterrent than was recognised, noting that farmers were subjected to export and personal taxation without direct concessionary measures for further investment in the sector.

The chamber said this situation could be corrected, with statutory concessions given to farmers venturing into significant expansion on their production base.

CSO: 3025/1151

COUNTRY SECTION

GRENADA

NEW INFORMATION MINISTRY OFFICIALS

FL131150 Bridgetown CANA in English 1735 GMT 12 Sep 82

[Report by George Worme]

[Text] St Georges, Grenada, Sep 12 (CANA)--The Grenada Government, which is in the process of drafting a media policy, has appointed a number of personnel to key senior positions in the Information Ministry within recent weeks.

The deputy secretary for information, Kamau Mc Barnette, has been appointed to the post of secretary for information, a position previously held by Caldwell Taylor, the Grenadian ambassador to the United Nations.

Usually reliable sources have said that Mc Barnette has been relieved of the post of acting manager of "Radio Free Grenada" which has now gone to Peter David, the news editor of the government-controlled radio station.

The sources have also said that the chief personnel officer in the public service commission, Trinidadian Keith Joseph, has been transferred to the post of manager-editor of the bi-weekly FREE WEST INDIAN newspaper.

Mr Joseph, a former youth coordinator in Trinidad and Tobago, replaces Jamaican Brian Meeks, a former producer at the Jamaican Broadcasting Corporation (JBC) who has returned home at the end of his 1-year contract with the government.

Another Jamaican broadcaster Joan Ross, who held the post of manager of the government-run "Television Free Grenada," has also left the country after the expiry of her contract.

Since then the post has been held by the Cuban-trained Grenadian broadcaster, Cheryl Fletcher.

Other unconfirmed reports state that Amor John, a nutritionist at the Grenada Food and Nutrition Council, has been appointed to head the Government Information Service (GIS).

CSO: 3025/1151

## BISHOP VISITS UNESCO, PLEDGES SUPPORT

FL162345 Bridgetown CANA in English 1730 GMT 16 Sep 82

[Text] Paris, Sep 16 (CANA)--Grenada's Prime Minister Maurice Bishop, now on his first official visit to France, today pledged his country's support for major efforts by UNESCO to upgrade education in Latin America and the Caribbean.

Mr Bishop, heading a high-level government delegation for talks with top French officials including Prime Minister Francois Mitterrand, told a special session of UNESCO's board that mankind needed several such projects in other areas in order to close the door on illiteracy, poverty and disease.

Mr Bishop was introduced by the chairman of UNESCO's executive board Victor Massuh of Argentina, as an architect of independence and welcomed by the director-general, Amadou Mahtar M'bow, as one of the most respected spokesman for the poor and oppressed.

The prime minister had shown special interest in Grenada's links with UNESCO, said the director-general, adding that new prospects for cooperation had been opened by the inter-governmental conference in St Lucia this year.

The cooperation would be strengthened as a result of the prime minister's visit, Mr M'bow added.

In a short speech before meeting members of the board, Mr Bishop reviewed his government's efforts in UNESCO special fields since taking power 3½ years ago.

He said government believed that development was an educational scientific and cultural phenomenon as well as being an economic one.

Mr Bishop stressed Grenada's support for UNESCO work in establishing a new world information order and in democratising science.

The Grenadian delegation is here to sign an agreement with the French Government covering areas of cooperation and economic and technical assistance. Relations between France and Grenada have been deepened since the socialist Mitterrand government came to power last year.

CSO: 3025/1151

## BRIEFS

NYO NEWSLETTER--St Georges, Grenada, Sep 14 (CANA)--Grenada's National Youth Organisation (NYO), the youth arm of the ruling new Jewel Movement, has announced plans to publish a monthly newsletter from the end of the month. A release from the organisation said the newspaper will be for circulation to "fraternal" organisations in the English-speaking Caribbean, and the Hungarian-based World Federation of Democratic Youth (WFDY) of which it is a member. The statement said the newsletter is aimed at informing regional organisations about the importance of the WFDY, to report the activities of the NYO and other regional organisations, as well as to carry solidarity statements and highlight what it says are the struggles in various regional countries. [Excerpt] [Bridgetown CANA in English 1610 GMT 14 Sep 82 FL]

YOUTH, SPORTS SECRETARY--St Georges, Grenada, 14 Sep (CANA)--Leon Cornwall, new ambassador to Cuba, has been succeeded as secretary for youth and sports by Dave Bathlonew [name as received], a 26-year-old former major in the People's Revolutionary Army who also held the post as general secretary of the National Youth Organization until his new appointment. [Bridgetown CANA in English 1630 GMT 14 Sep 82 FL]

CSO: 3025/1151

## GOVERNMENT TO STEP UP FORESTRY PRODUCTION

FL131220 Bridgetown CANA in English 2036 GMT 12 Sep 82

[Excerpts] Georgetown, Guyana, 12 Sep (CANA)--The Guyana Government, facing a severe shortage of foreign exchange, is looking to stepped up log production as one way of increasing revenue, according to the COURIER magazine.

The administration is hoping to start a silvicultural programme, including wood research and an up-to-date inventory of its 19.8 million hectares of natural forests.

Forestry at present holds a priority in the central government's development programme, said the magazine, organ of the African, Caribbean and Pacific (ACP) and the European Community Secretariat.

It said that the plans are to embark on a larger scale of log production and to try to export more forest produce to bring in some badly needed foreign exchange.

The present trend is to harvest and sell some of the lesser-known species for specific end uses. In general, greenheart, mora, kabukalli, kakaralli, and purple heart are structural woods and for interior work, decorative and utility purposes, tauroniro, tatabu, yaruru, crabwood, kereti and wamara are used, while baromalli, dalli, manni, suya and duka are used for veneer and plywood.

The main forms of production are round logs and sawn timber, with an annual log production of about 0.15 million metres. Timber is exported in round, hewn, pole, post and shingle forms. The magazine said production and export are low when compared to the total volume of marketable timber.

Some of the reasons for this low production include:

"Only about 25 per cent of the total volume is physically and economically accessible.

"Market constraints--the local market is not expanding and on the foreign markets, lesser-known species are still to be promoted and accepted.

"Lack of commitment on the part of private loggers to practice any form of scientific forestry--the traditional species are high-graded, no inputs in inventory or management plans: saw milling practices are traditional: no environmental or silvicultural programmes are instituted: and

"Lack of adequate foreign exchange to replace or purchase new equipment."

The COURIER said the practice of any form of scientific forestry in Guyana was sadly lacking.

The forests are administered by a central government agency, the forestry commission, which is supposed to allocate the resources, collect revenue and initiate any form of forest management practices.

However, the COURIER said, there is a lack of finance and professional staff to institute changes.

CSO: 3025/1152

## OPPOSITION REJECTS GOVERNMENT ECONOMIC CLAIMS

FL141835 Bridgetown CANA in English 1654 GMT 14 Sep 82

[Report by Padget Defreitas]

[Text] Kingston, Jamaica, 14 Sep (CANA)--The opposition People's National Party (PNP) says the Bank of Jamaica's (Central Bank) statistics as well as production figures from the main export crops belie government's position that Jamaica is on the road to economic recovery.

The PNP's spokesman on finance, Seymour Mullings, said the country's net international reserves had grown from minus 749 million dollars (1 JCA dollar ; 56 cents U.S.) in the last month of the PNP government to "a desperate minus 1.2 billion dollars" in June.

The situation was frightening Mr Mullings said.

He said that the worsening reserves position gave the lie to the government's boast that it wiped out the country's payments arrears nine months ahead of schedule and all it had done was "borrow from Peter at higher rates to pay Paul."

Mr Mullings added that the gross national debt had jumped from 3.9 billion dollars in October 1980 when his party left office to 5.5 billion dollars in just under two years since Prime Minister Edward Seaga's Jamaica Labour Party (JLP) had been in office.

The foreign debt, he said, had jumped from 1.5 to 2.2 billion dollars over the same period.

"In 1981 alone the government borrowed 514 million dollars (U.S.). In 1982 it is expected to borrow an additional 642 million dollars (U.S.)," Mullings said.

The PNP spokesman attributed the worsening situation to the consumption encouraged by the Seaga government, with little on the productive side to back that up.



He stated that in 1980 imports exceeded exports by 210 million dollars (U.S.), but in 1981 the current deficit had doubled to 410 million dollars (U.S.), "the largest and worst deficit ever recorded in Jamaica's history."

Added Mr Mullings: "For the first three months of 1982, the deficit has increased alarmingly to 138 million dollars (U.S.), the worst ever in all our history for a three-month period, or 40 per cent above the deficit for the comparable period in 1981.

The current deficit is running at a rate of 175 per cent higher than 1980."

The opposition politician questioned to what use the government had put the increased borrowings, saying it certainly had not gone into increased production.

He said that the import of consumer durables had increased by 54 per cent and food by 25 per cent, which further depressed the domestic farming community. At the same time imports of "other raw materials" had slipped by 6.6 per cent during the first quarter of this year.

Mr Mullings stated that last year manufacturing had grown by only 0.4 per cent and the prospects were not much brighter for 1982.

Banana exports, he said, would remain at the 1980 hurricane-affected level of 33,000 tonnes, while sugar would remain at last year's level of 200,000 (long) tons--20,000 tons lower than the figure for 1980 when his party was in office.

CSO: 3025/1150

MANUFACTURERS OPPOSE DOLLAR DEVALUATION

FL162127 Bridgetown CANA in English 1832 GMT 16 Sep 82

[Excerpt] Kingston, Jamaica, 16 Sep (CANA)--The Jamaica Manufacturers Association (JMA) has come out strongly against any devaluation of the Jamaica dollar at this time, saying that the assumption on which the proposal was being canvassed by economists here was weak.

"The Jamaica Manufacturers Association is against devaluation at this time," President Anthony Williams told his monthly board of directors meeting, adding:

"It is our view that rather than devaluation, the people of this country would like to see a continuation of measures to control inflation and more efforts being made to increase production and exports as a means of correcting any imbalance which may be evident now."

The Jamaica dollar is fixed at 1.78 dollars against the U.S. dollar, but many economists have argued that the currency is overvalued, a view that has also been promulgated by the deputy head of the United States Agency of International Development (USAID) here, Frank Morris.

Despite a statement early in the year by Prime Minister Edward Seaga that devaluation was not on the cards, there has been speculation that the Bank of Jamaica (Central Bank) would by year-end announce a lowering of the parity of the Jamaican dollar to the U.S. currency.

CSO: 3025/1150

## BRIEFS

BOTSWANA COMMISSIONER--Kingston, Jamaica, 14 Sep (CANA)--Botswana's first high commissioner to Jamaica, Legwaila Joseph Legwaila, has presented his credentials to the minister of foreign affairs, Hugh Shearer, the Foreign Ministry here has announced. Mr Legwaila is his country's permanent representative to the United Nations in New York. [Excerpt] [FL141815 Bridgetown CANA in English 1649 GMT 14 Sep 82 FL]

CHEMICAL EXPORT INCREASE--Kingston, Jamaica, 10 Sep (CANA)--The value of exports by Jamaica's chemical sector grew by 6.3 million dollars or 37 per cent during the first half of this year, when compared with the corresponding period in 1981, Industry and Commerce Minister Douglas Vaz has announced. He said Jamaica exported 16.9 million dollars worth of chemicals between January and June this year (1 JCA dollars ; 56 cents U.S.). Vaz told a function of the Henkel Chemical Company, to mark the completion of the 1.8 million dollars expansion programme that the increase by the sector was encouraging bearing in mind that its foreign exchange allocation over last year was small. The performance showed that the sector understood the government's policies of attempting to increase exports, Vaz said. [Text] [FL102005 Bridgetown CANA in English 1852 GMT 10 Sep 82]

CSO: 3025/1150

## PMT SEES BUSINESS INTERESTS SERVED BY ECONOMIC POLICY

Mexico City PROCESO in Spanish 16 Aug 82 pp 62-63

[Political Advertisement]

[Text] Popular discontent turns to indignation when the government, after decreeing the price increase for tortillas, bread, domestic gas, electric energy and gasoline, announces the second sharp devaluation in less than 6 months and tries to deceive the people by stating that control is being established on the use of foreign exchange, when in reality what it is doing is using cheap dollars to subsidize the owners of the means and instruments of production, when it now expressly acknowledges through the secretary of finance that the country's debt capacity has reached its limit.

The measure of establishing two exchange rates, one devaluing the peso with dismal consequences for the people, and the other preferential for the payment of interest and for the acquisition of food and some capital goods abroad, seeks only to satisfy the owners of the means and instruments of production. The government will buy expensive dollars--there is no other kind in the international market--to sell them cheap to businessmen and bankers. It also legalizes speculation with foreign currency, creates favorable conditions for corruption and increases the subsidies to the economically powerful. The businessmen, the officials and the bankers will take advantage of the preferential rate to buy dollars under the pretext of acquiring capital good abroad, only to sell them at the high rate on the legalized black market.

The foreign exchange resulting from the sale of petroleum will be used by the government to buy expensive dollars to then sell them cheap to businessmen. Therefore, the loss in this operation will be paid by the people in favor of their exploiters.

It is a gross lie to say that the two-tiered exchange rate benefits the nation or prevents the powerful from speculating with our currency as the president states. Quite the contrary, this measure is to protect business interests, who, as in the case of the Alpha Group, owe \$2.5 billion and now will receive cheap dollars to pay the interest on their debt.

Neither is it true that the people will benefit because exports will increase--so it is claimed--due to the devaluation of the peso. Those involved in exporting in Mexico are the multinational companies that control the production of food, minerals, automobiles and trucks, and not the small and medium-sized Mexican businessmen,

Immediately after the new devaluation the already high prices for essential articles went through the ceiling. The increase in the prices for tortillas and bread was followed by increases for oil, eggs, meat and all foodstuffs. The minimum salary of 280 pesos established in January is now not even enough for a single worker to survive on, and many employers are even refusing to raise wages in accordance with the decree of last March. The situation is becoming desperate for wage earners.

The government's political economy is following the guidance dictated to it by the IMF, which is rendered evident by the document that technicians of that institution handed over to the members of the IMF's executive commission as recently as last 25 June, wherein they summarize the results of their conversations with Finance Secretaries David Ibarra and Jesus Silva Herzog, along with officials of the Secretariat of Commerce and Mexican state enterprises. Those conversations took place from the 16th through the 27th of November 1981 and from the 21st through the 27th of January 1982 in Mexico City and in Washington, D.C., as well as the 3rd through the 5th of May and the 10th and 11th of June of this year. IMF experts recommend maximum price freedom in the public and private sectors and strict control of wages because, they say, "price adjustments should not be used to justify compensatory wage adjustments and," they affirm, "the special wage increase granted in March was counter-productive." There is also a recommendation "to open the doors to imports, to maintain a liberal foreign exchange policy and to permit greater flexibility in exchange rates."

As the PMT indicated in 1976 and in February 1982 at the time of the sharp devaluations, Mexico has entered the circle of countries with permanent, systematic and abrupt devaluations.

Six years ago the PMT advised of the danger of pinning the nation's political economy on petroleum exports. It warned that this policy would put the nation on the road to growing inflation, and agriculture, cattle raising and the manufacturing industry would be neglected, with everything being purchased abroad using the foreign exchange that we would obtain from oil sales. No country, the PMT pointed out, has overcome its lack of development by selling energy or raw materials. It was necessary to bring work to our own native country.

At the time the PMT denounced the fact that the government was deceiving the people because it was making enormous investments in the oil industry to produce more barrels than it was announcing, working to leave an installed capacity greater than 4.5 million barrels a day, as the CIA had already stated that we would produce by 1985 in its secret document from April 1977. The government denied this accusation repeatedly. Now the future president has at his disposal this secretly installed productive capacity to try to pay off the external debt.

When the PMT said that Mexico was exporting oil to buy food, the president replied that that was not accurate, that the agricultural trade balance was favorable for us. Time has shown that we were right. The following year he had to acknowledge that the agricultural balance was unfavorable, for the first time in many years. It was the beginning of the era of the large food imports, of dependence in foodstuffs.

The government emphatically denied that from year to year one economy was becoming increasingly dominated by petroleum, as the PMT indicated in 1977. Now 72 percent of our export total is in oil and gas, and almost half of the foreign exchange comes from oil sales, the rest being provided by foreign loans.

The president denied that the dependence on oil would create inflation and extreme indebtedness. And now, in 7 months the rate of inflation exceeds 38 percent and it is feared that it will exceed 100 percent by the end of the year. Foreign debt has grown 70 percent compared to 1981, and by the end of the year, according to the finance secretary himself, it will be on the order of \$85 billion, which means that at birth every Mexican owes \$1,200, or more than 100,000 pesos.

The PMT indicated that fiscal reform was indispensable and urgently needed to tax the exorbitant profits of the large entrepreneurs who receive more than four times as much in government subsidies as they pay in taxes. We showed that to be able to collect equitable taxes from business it was necessary to put an end to the anonymity of enterprise stocks, which hinders the accumulation of profits to establish the fiscal rate. Nothing was done, and the government's budgetary deficits grew monstrously from year to year, so that by 1981 the deficit was 1.2 trillion pesos, and the expected deficit for 1982, on account of the devaluations, is 2.4 trillion. It is evident that if taxes and sales of goods and services by state enterprises are not enough to cover the budget, then the difference will have to come from internal and external loans. Subsidies should have been cut back to the economically powerful and their taxes raised. The opposite was done: The subsidy to the powerful was increased by way of cheap dollars, and there was a reduction in subsidies for popular consumption, as in the case of tortillas, bread, milk and eggs. In 1981, the workers paid as much in taxes as business, and in exchange they got back only half as much out of national receipts as did business.

Opportunely the PMT proclaimed that the government was pledging petroleum so as to obtain foreign currency through loans. The government emphatically denied this assertion. The president now acknowledges that reality. On 7 August 1982 he said: "Six years ago we were able to handle the serious problems that are reproduced today because confidence was established at home and abroad. The country was deeply in debt and was being harassed by its creditors. And faced with this we said: Just a minute, sirs. Mexico has oil and it can pay."

In regard to our current situation, the president said: "Other poor countries have problems similar to ours, but they do not have oil. We have it and consequently we can handle the situation."

The president now realizes that we pay those debts with oil, although we now owe more. That is, what is happening is what the PMT so often warned against: With all the oil that we exported in recent years we were only able to pay the interest on the debt. But at current production levels it will no longer be possible to do this. In 1982, with exports of 1.3 million barrels a day, when we are the number one petroleum supplier of the United States, ahead of Saudi Arabia, export receipts of about \$14 billion will not even be sufficient to pay the interest on the debt. This is the reason for the imminent danger that oil production will be increased.

The government is opposed to nationalizing the banks because they allow the economically powerful to accumulate limitless wealth by speculating with our currency and controlling the enterprises that they acquire one by one through their privileged position. It does not establish real control of exchange because that would hinder officials and businessmen in plundering the nation's foreign exchange through deposits and purchases of goods abroad.

It opposes ending the anonymity of enterprise stocks because that would unmask the disguised traitors, many of whom are well-known entrepreneurs and officials. It opposes nationalizing the food and pharmaceuticals industries because privately the multinational companies that control them are associated with businessmen and officials who receive enormous profits speculating with the people's food and medicine.

The government does not accept the sliding wage scale that would make the relationship between employers and the labor force less unjust because it would thus diminish the profits that employers take from the work of laborers. And it does not freeze prices because that would diminish the merchants' profits. Thus, evidently, the government is serving the interests of employers.

The government has betrayed the people. It waited until after the elections on 1 August to announce the price increase for basic articles, along with the new sharp devaluation that put the dollar at almost 90 pesos, four times more expensive than in 1976.

The PMT considers that things have reached an intolerable point. The Mexican political system, consummately presidential in form, makes the legislative and judicial branches mere appendages of the executive branch. The state secretaries are just employees in the president's confidence; the basic political decisions are made by a single person, and during the last 6 years it is he who has produced the chaos in the country. The results of the policies of Jose Lopez Portillo are obvious: The people were never so poor in the modern history of Mexico, the government is financially and politically bankrupt and the nation has an immense indebtedness.

Jose Lopez Portillo is solely responsible for the economic, political and social measures of recent years. Therefore, the PMT feels that Jose Lopez Portillo should resign; he will thus be doing a great thing for the nation.

The country's highest authorities, the class in power and international public opinion should know that the Mexican people are prepared neither to suffer silently more treason by the government, nor to remain on their knees suffering hunger, injustice and humiliation; we will make it clear that in Mexico there is a people prepared to fight for liberty, total independence and true democracy.

The PMT calls for the people of Mexico and the political and social organizations to fight for:

- An emergency general wage increase of 50 percent.
- A price freeze.
- A moratorium on the debt.
- Nationalization of the banks.
- Nationalization of the food and pharmaceutical chemical industries.
- Control of exchange. No more plundering of foreign currency.
- No more exporting of petroleum.

No more plundering of the nation and deceiving the people!

"Economic Independence, National Sovereignty and Revolution"  
The National Committee  
Mexico City, 11 August 1982.

9746

CSO: 3010/2234



## BRIEFS

BRITISH AID--Castries, St Lucia, 15 Sep (CANA)--The St Lucia Banana Growers Association is to receive emergency assistance estimated at some 4.5 million EC dollars (one EC dollar ; 37 cents U.S.) from Britain in the form of 1,000 tons of much needed fertiliser, according to Prime Minister John Compton. Mr Compton, who recently held talks in London with British Government officials said that the consignment was due to arrive here next month. [Excerpt]  
[FL162150 Bridgetown CANA in English 1847 GMT 16 Sep 82 FL]

CSO: 3025/1155

## CATO COMMENTS ON LONDON, TORONTO BANK MEETINGS

FL152140 Bridgetown CANA in English 2241 GMT 14 Sep 82

[Text] Kingstown, St Vincent, 14 Sep (CANA)--The St Vincent and the Grenadines prime minister, Milton Cato, says any benefits which small island states can derive from the two recently-concluded financial conferences in Toronto and London will materialise in the future and not immediately.

Speaking on his return from the World Bank/International Monetary Fund meeting in Toronto which ended last week, Mr Cato said the delegates were exposed to bankers and banking institutions, and small countries like those in the Caribbean were able to put their position very clearly to countries which were in a position to help.

"But this you have got to look at in the long term and not perhaps for immediate results so soon after the meetings," the prime minister said.

Mr Cato and financial secretary Metford Scott also attended the meeting of commonwealth finance ministers in London in August.

The prime minister said the greatest benefit from the two meetings was the opportunity they afforded for a considerable amount of lobbying and exchange of free and frank views.

He added that the conference also provided the chance for people in better positions in the commonwealth and the world to understand the problems facing small island-states like St Vincent and the Grenadines.

Mr Cato said his government would now be in a position to put up larger projects for consideration for funding by the bank.

"We are going to put up as strong a case as possible for assistance, aid, help, and loans on the most concessionary terms possible, in order to bring about greater improvement in our country. We know what our priorities are and we are going to press to get assistance with them," he said.

More than 140 countries were represented at the Toronto meeting at which delegates took a very close look at the economic situation in the world, its effects on the countries and what possibilities were available to correcting nations' balance of payments difficulties.

The state became the 144th member of the World Bank on August 31.

CSO: 3025/1153

## BRIEFS

TAIWAN AGREEMENT--Kingstown, St Vincent, Wednesday (CANA)--St Vincent and the Grenadines and Taiwan have signed a technical assistance agreement under which the Taipei government will assist this country in developing its agriculture and other agro-related industries. The agreement was signed here yesterday by Taiwan's non-resident ambassador to St Vincent and the Grenadines, [Tsung-san] Michael Tung and Foreign Affairs Minister Hudson Tannis, now acting prime minister. [FL071830 Bridgetown ADVOCATE-NEWS in English 2 Sep 82 p 3 FL]

CSO: 3025/1153

## NEYHORST ON FOREIGN POLICY, ECONOMIC CRISIS

FL091947 Bridgetown CANA in English 1940 GMT 9 Sep 82

[Text] Paramaribo, Suriname, 9 Sep (CANA)--Prime Minister H. N. Neyhorst has defined Suriname's external policy as one based on non-alignment and peaceful coexistence with countries all over the world, especially those in the Caribbean region and Latin America. In an interview with the official Chinese News Agency, XINHUA, Neyhorst explained that the policy involved the principle on non-intervention in each other's internal affairs and promotion of economic, cultural and sports relations with other countries.

Suriname's relations with Caribbean countries have been strengthened since the February 1980 military coup here and she is seriously considering the possibility of becoming a member of the Caribbean Community (CARICOM).

On relations with the Netherlands, he described Dutch aid as "very substantial and important" to Suriname's economy, but added that "what we are trying to do and have to succeed is to make the development aid help to make us independent of foreign aid." To this end, a new development programme has been finalised, he said.

Suriname, where a military-backed government is in place, was a former Dutch colony and became independent in 1975.

The prime minister said Suriname is faced with difficult economic problems because of the world economic situation and its heavy dependence on bauxite and rice.

He said government revenue had decreased substantially, the balance of payments position deteriorated and the foreign exchange situation was critical.

Suriname will tackle these problems by diversifying its economic structure.

The country, he said, must have agriculture and mining but also cattle breeding, fishery, industry, tourism and other sectors. It will attach importance to the so-called resource-based industry, that is, industry based on its own resources, he said.

As short term solutions, the prime minister pointed out, the government had decided to cut down expenditure, including subsidies to state enterprises and find new markets for Suriname's products.

Meanwhile, a new, balanced and comprehensive development programme for the period between 1982 and 1990 involving 2,700 million Suriname guilders is now being adopted there.

CSO: 3025/1155

## VENEZUELAN EXPORTERS OFFER CREDIT TO LOCAL BUSINESSES

Port-of-Spain TRINIDAD GUARDIAN in English 26 Aug 82 p 16

[Text] LOCAL businessmen are being offered the attractive facility of up to five-years' credit by Venezuelan exporters.

The offer is aimed at boosting trade between the two countries, Domingo Maza, spokesman for a 14-member trade mission currently in the country disclosed Tuesday.

Senor Maza, who is attached to Venezuela's Export Financing Fund, said that the mission which will be here until Saturday was also offering interest rates between nine and 12 per cent.

Speaking through an interpreter, he said that they were trying to promote "non-traditional products"--air compressors, centrifugal water pumps, concrete tubes, aluminium cables, silos, boilers, industrial ovens, irrigation gates, bridge, towers, iron pipe fittings, metal fittings for furniture, food preparation, synthetic leather, caustic pencils etc.

Credit extended will be from one to five years with interest from products made from iron and aluminium being 12 per cent and those for the other products between 9 and 10 per cent.

Senor Maza revealed that the mission which was organised by Venezuela's Institute of Foreign Trade comprised businessmen and industrialists.

He stated that his country exported approximately (US) \$8 million (TT \$19.2 million) in goods to Trinidad and Tobago in 1980.

They were trying to establish a line of credit between the commercial banks and the central banks of both countries and to this end he had discussions with Dr Euric Bobb, Deputy Governor of the Central Bank of Trinidad and Tobago. Senor Maza said that at a cocktail party at the Hilton on Monday evening local businessmen expressed an interest in the Venezuelan products.

He said that members of the mission can be contacted by interested parties at the Holiday Inn or enquiries can be made at the Venezuelan Embassy.

The team ends its visit on Saturday.

UNION HIT WITH INJUNCTION OVER ACTION AT TTEC

Mahabir Warning

Port-of-Spain TRINIDAD GUARDIAN in English 21 Aug 82 p 1

[Text] MINISTER OF Labour Errol Mahabir has warned the Oilfields Workers Trade Union (OWTU) that serious consequences could flow from any industrial action taken by workers of the Trinidad and Tobago Electricity Commission (TTEC).

His warning came at yesterday's meeting between TTEC and OWTU at Riverside Plaza when he emphasised that TTEC was an essential service and that action by the workers could result in them having to face the courts, losing their jobs or endangering the registration of the union.

According to a well-placed source, Mr Mahabir called on the union to ensure that those of its members who were delinquent would cease what was apparently industrial action and return to work.

At yesterday's meeting the union dropped its demand from 170 per cent to 90 per cent in compliance with the Minister's request on Wednesday that new proposals be submitted. Up to late yesterday talks were still in progress at the Ministry of Labour. The Commission has upped its offer from 35 per cent to 40 per cent.

Minister Mahabir gave an update of the conciliatory talks and the general situation at yesterday's meeting of the House of Representatives.

His comments were made after Rep. Govindra Roopnarine (Opposition, Siparia) had raised the issue of no electricity in Siparia under urgent matters of public importance.

Another Week

The parties have been given another week in efforts to arrive at a settlement. Should the parties fail then to reach a settlement, the matter is to be sent to the Industrial Court.

TTEC and OWTU began negotiating for a new three year agreement for the Commission's 2,600 workers in March when the union's demand was 200 per cent over three years while the Commission offer was 30 per cent.



In July the union dropped its offer to 170 per cent while the Commission increased its offer by five per cent to 35 per cent.

Mr Mahabir pointed out to the union officials yesterday that there were a number of areas in the country that continued to suffer from a lack of electricity because of the failure to repair damages done to the existing system.

He said that while it was obvious that there was a marked improvement in some areas as reported by TTEC, there were still a number of constraints including problems attributable to the commission and to the inclement weather which the country has been experiencing, including a storm in South Trinidad on Thursday.

But, he added, there was still sufficient evidence to indicate that some workers were not performing the duties for which they were being paid.

President General of the Union, Mr George Weekes, told Mr Mahabir that the union was taking every possible step to ensure that the workers returned to their jobs.

#### Request for Court Order

Port-of-Spain TRINIDAD GUARDIAN in English 24 Aug 82 p 1

[Text] LABOUR Minister Errol Mababir last night filed an injunction against the Oilfields Workers' Trade Union (OWTU) seeking an Order from the Essential Services Division of the Industrial Court to restrain the union and its members from further industrial action in the operations of the Trinidad and Tobago Electricity Commission (T&TEC).

The Minister's action was taken under Section 65 of the Industrial Relations Act (IRA), thus registering the first attempt by the Government to use this injunction weapon.

Section 65 (1) of the IRA-states: "Where industrial action is threatened or taken, whether in conformity with this Act or otherwise, and the Minister considers that the national interest is threatened or affected thereby, he may make application to the Court ex parte for an injunction restraining the parties from commencing or from continuing the action; and the Court may make such order thereon as it considers fit having regard to the national interest.

(2) Where the Court upon such an application makes an order under sub-section (1), then--

(a) The parties bound by the order shall there upon refrain from, or discontinue, the industrial action; and

All Workers

(b) unless the Court otherwise specifically orders, nothing in section 63 (1) (c) shall apply to any worker involved in the industrial action.

And the Court may further order that the matter shall be deemed to have been referred to the Court by the parties thereto for determination.

(3) An order made by the Court under subsection (1) shall be published in the Gazette and it at least one daily newspaper circulating in Trinidad and Tobago, and the publication shall be deemed to be service of notice thereof on all parties to the dispute, including all workers engaged in the industrial action, whether threatened or taking place.

(4) Subject to this section, no order of the Court made under subsection (1) shall be deemed to have validated any action taken if the action was not otherwise in conformity with this part."

In two television interviews, and in a debate "on a matter of urgent public importance" in the House of Representatives last Friday, Mr. Mahabir indicated that he has consistently advised the union of the consequences of the action being taken by the workers in various parts of the country.

#### New Extension

The Minister told the House he was satisfied that even though there may have been other factors responsible for low productivity, there was a substantial number of workers engaged in industrial action at T&TEC.

Mr. Mahabir appeared to have given his final warning last Friday because of his move last night--his filing of an application under Section 65 against the OWTU and two members of the union--as required by law--and on behalf of all other workers of T&TEC engaged in industrial action, seeking an Order of the Court.

It is understood that the Labour Minister was prompted by a series of daily reports received from T&TEC on unattended complaints throughout the country, and an up-to-date report on the effect of the industrial action on oil and gas production in Trinidad and Tobago; the effect resulting in the shortage of electricity and water supplies in several areas of the country.

Also, the lack of electricity that affects the operation of business enterprises, particularly small business, some of which have had to send their workers home.

It is also understood that Mr. Mahabir's application was supported by affidavits from several officers of T&TEC.

Only recently members of the Essential Services Division of the Industrial Court, who were scheduled to go on leave, cancelled their leave because of the industrial situation at T&TEC.

Both T&TEC and the OWTU are locked in wage negotiations. A number of meetings, including conciliatory sessions, have taken place. Mr. Mahabir presided over some of them.

Notwithstanding the fact that he filed an injunction last night, Mr. Mahabir has fixed another conciliatory meeting for the parties today, since he had extended the period under which the dispute can be heard before him as Minister of Labour. The extension ends on Friday.

'GUARDIAN' Editorial

Port-of-Spain TRINIDAD GUARDIAN in English 24 Aug 82 p 8

[Editorial]

[Text] MR. PATRICK Manning, Minister of Energy and Natural Resources, has warned trade unions of the country that the global recession will soon demand of our people serious sacrifices.

He echoes Mr. Errol Mahabir, the Minister of Labour, who recently warned the Seamen's Union; in Parliament he has expressed concern about widening retrenchment and only on Friday last he told the House he had just come from discussions trying to save the jobs of 165 shipbuilding workers.

He did not mention the hundreds already sidelined by the spectacular slowdown in petroleum refining. He did not need to.

Mr. Frank Barsotti, economic adviser to the Government, has been most vocal during the last few weeks, warning the nation about the difficult times that lie ahead.

Only yesterday morning in a message to an international gathering here, the Minister of Agriculture, Mr. Kamaluddin Mohammed, said, "Our food import bill of \$800 million (TT) is staggering. The financial climate is changing and we are already on an adjustment path before it is too late."

In Parliament the other day several Independent and Opposition senators called upon the Government to "make adjustments."

These people all know that petroleum prices will never again soar to the peak of the OPEC decade.

The advancement of technology to develop alternative sources of energy is unstoppable. The success of conservation efforts and new techniques in manufacturing will also serve to reduce severely and permanently the global demand for petroleum.

But the dizzy heights to which consumer prices and wages have ascended make it unlikely that in the crunch considerable unemployment can be avoided.

The global recession, too, has been prolonged and deep.

Forecasts that the recession will bottom out have been cruelly inaccurate and economic pundits are now predicting waves of industrial bankruptcies and defaults by debtor nations that can capsize the international banking system. If this happens, the world will be plunged into a terrifying economic pit.

In any event, there is really no way that Trinidad and Tobago can escape the consequences of this recession.

We would have thought that by now the realities of the situation and the restraint that they must necessarily impose would be obvious to all our people, especially our trade union leaders.

But sadly the impasse at T&TEC shows the opposite.

We feel that they are merely going through the motions of accepting conciliation and that they are really testing the strength and the will of the Government.

That is why, in the first place, they submitted such impossibly high demands for wages, while being in the front line of those demanding substantial cuts in income taxes on wages, overtime payments and allowances.

We support Mr. Mahabir's move to seek an injunction from the Industrial Court to prevent T&TEC's workers from taking any further industrial action and we expect that if they persist in holding the country to ransom the Government would be prepared for more drastic measures.

#### OWTU Protest of Injunction

Port-of-Spain TRINIDAD GUARDIAN in English 25 Aug 82 p 1

[Text] THE OILFIELDS Workers' Trade Union has protested the injunction granted to Minister of Labour, Social Security and Co-operatives, Rep. Errol Mahabir, restraining electricity workers from taking further industrial action.

The OWTU turned up for talks at the Ministry of Labour yesterday accompanied by solicitor Mr. Lennox Pierre.

Legal representation was included on the union's team following the injunction granted by the Industrial Court late on Monday night.

Trinidad and Tobago Electricity Commission (T&TEC) officials were not in a position to state what effect the restraining order had as yet on the backlog of electricity problems throughout the country following alleged industrial action in the form of a go slow.

However, one T&TEC source stated all that could be said was that the workers--the various crews--were on the job.

Both the OWTU and T&TEC were before the Minister again in a bid to reach a settlement in the dispute for a new wages agreement.

#### Firm Conviction

Meetings were held throughout the day and the parties were still locked in negotiations up to 8 pm at the Ministry of Labour, Social Security and Co-operatives at the Riverside Plaza.

It is understood that Minister Mahabir told the OWTU that the injunction was obtained on the basis of his firm conviction that the action of certain T&TEC workers who were engaging in industrial action had endangered the national interest.

The injunction restraining the OWTU, its members Conrad Jaglal and Carl Simon, and other T&TEC workers, was made ex parte and gives the OWTU and the parties until September 6 to reply.

The injunction restrains the OWTU and the workers, having regard for the national interest, from participating in a go slow.

The union charged at yesterday's talks that T&TEC's management was responsible for the electricity situation and not the workers. Management denied this.

The union's demand was for 90 per cent while T&TEC offered 40 per cent.

There have been daily reports by electricity consumers of unattended complaints throughout the country. Water supplies have been affected.

#### Sugar Union Support

Port-of-Spain TRINIDAD GUARDIAN in English 25 Aug 82 p 1

[Text] SAN FERNANDO: OPPOSITION Leader Rep. Basdeo Panday (ULF, Couva North), President General of All Trinidad Sugar and General Workers Trade Union, has pledged his union's fullest support to the electricity workers of the country.

Mr Panday called upon the labour movement in the country to unite and resist "oppression."

Mr Panday was commenting on the labour dispute involving the electricity workers and Trinidad and Tobago Electricity Commission.

The union leader criticised Government for "seeking to place the blame for the decline in the economy upon the backs of the workers,"

He added: "We deplore the speech by Mr Patrick Manning, Minister of Energy and Natural Resources, when he was reported to have said that workers must exercise restraint,"

Mr Panday said, Government must exercise restraint.

How can Mr Manning speak about restraint at the same time calling for restraint on prices?" he asked.

CSO: 3025/459

## MINISTER SAYS PNM Foothold in Caroni Panics Opposition

Port-of-Spain TRINIDAD GUARDIAN in English 23 Aug 82 p 16

[Text]

**A GOVERNMENT Minister has described the Opposition as being in a state of panic with the foothold gained in Caroni by the ruling party in the last general elections.**

Minister of National Security John Donaldson, one of ten Cabinet Ministers addressing the annual conference of the Caroni East constituency held by MP Manichan Ramsaran said the victory stunned the Opposition creating panic in Caroni.

"The PNM is now a truly national party, for we have made an inroad in Caroni and we now represent the nation," Mr. Donaldson said the late Prime Minister Dr. Eric Williams often said the PNM is not national until it gained a foothold in Caroni, a traditional stomping ground for the parties opposing the PNM in the last 25 years.

"Manic's victory is a memorial for Dr Eric Williams. It is historic for us that he has brought home the seat," Mr Donaldson said.

The PNM will rally out in Tobago, too, he told observers and delegates. The Opposition can not exist gracefully in victory and in defeat. The party was not a creature of the media but there still existed some hostility towards the PNM

from the Press.

Other speakers at the conference included Senator Wendell Mottley, Minister of Housing and Resettlement; Dr Basil Ince, Minister of External Affairs; Overand Padmore, Minister of Education and Culture, Hugh Francis, Minister of Works, Maintenance and Drainage; Anthony Jacelon, Minister in Ministry of Finance and Joe Laquis, PNM, Diego Martin, Central.

In attendance were Prime Minister George Chambers, Errol Mahabir, Minister of Labour; Patrick Manning, Minister of Energy and Mines and Senator Russell Martineau, Minister of Legal Affairs and the Attorney General.

All the Cabinet Ministers in attendance assured Mr Ramsaran that he was not alone in Caroni — they were with him. His political neighbours all belong to the Opposition National Alliance.

Dr Basil Ince said that a party coming together to gain power will not maintain its unity for long. He urged the youths of the nation to develop a national spirit to push the country forward.

He said Trinidad and Tobago had a lengthy history of colonial domination and for the short time that the country gained independence it had a lot to show for its achievement.

Mr Ramsaran speaking in his constituency's confer-

ence said that Caroni East was a little PNM island in the County. He achieved for the party a foothold which would grow to his neighbouring constituencies.

The PNM had a history of welfare and social work in the County and it was not surprising for him to win the seat, he said.

## HOUSING BACKLOG

Earlier Mr Mottley outlined plans his Ministry had for housing in Caroni. He said the sugar company is to release more than 500 acres for for housing in Caroni.

Couva, he said, is to be redeveloped in a sizeable town most likely rivaling Port-of-Spain and San Fernando.

Homeless people in Caroni were urged to apply to the National Housing Authority for house and land.

Senator Mottley admitted of "a serious backlog in housing, but his Ministry" projects were taking flesh."

On sewerage collection and disposal in Caroni, he said, it was a costly process because of soil condition. Nevertheless the Solid Waste Management Company had the cleaning under control.

The conference started at 2.00 p.m. and ended at 7.00 p.m. with a dinner of curried goat, parrata and pumpkin. All the Ministers joined the Prime Minister and Mr Ramsaran.

MINISTER DENIES THERE IS 'CONFRONTATION' WITH TOBAGO

Port-of-Spain TRINIDAD GUARDIAN in English 24 Aug 82 p 1

[Text] THERE is no confrontation between the Government of Trinidad and Tobago and there will never be any with Tobago in any move of the sister isle for independence or secession.

This was emphasised yesterday by Senator Anthony Jacelon, Minister in the Ministry of Finance and Planning with central responsibility for Tobago Affairs.

His comments were made in relation to the resolution of the Special Congress of the Tobago Regional Committee of the Democratic Action Congress which in part called for full independence of Tobago as an alternative to acceptable conditions of unity.

Senator Jacelon said: "We have a Constitution and until Parliament amends the Constitution, Tobago is part of the Unitary State of Trinidad and Tobago.

"The DAC is free to pass whatever resolution it wants. But they must remember that they do not represent the views no where near 100 per cent of the people of Trinidad and Tobago.

He said: In the long run, the people of Tobago and not the DAC are the persons who are to decide what is the best interest of the people of Tobago."

Motion Accepted

On Sunday, the Tobago Regional Committee of DAC held a special congress to get the views of the membership on proceedings to be followed in relation to dealings with Trinidad and Tobago. Theme of the convention was "What does independence mean to Tobago."

At the convention, two papers were presented on relationships between House of Assembly and Central Government as they affected agriculture in Tobago and on sporting activities.

The paper on agriculture was presented by Dr. Jeff Davidson Deputy Chairman of the House of Assembly and the other by Assemblyman Mr. George Archer.

Chairman of the Assembly, Mr. ANR Robinson, in a short address initiated discussion on "What does Independence mean for Tobago.

And following discussions from the floor, a motion from the floor was accepted by the convention.

The motion called for the Tobago House of Assembly to "take all necessary steps to terminate the present unjust union with Trinidad and to secure either its replacement with a union based on terms and conditions acceptable for the authorised representatives of the people of Tobago, or the full independence of Tobago with secure territorial boundaries."

Commenting on the resolution yesterday, Dr. Davidson said that the feeling of the vast majority of people in Tobago was that because of the "behaviour of Central Government, the time had come to part ways."

Mr. Robinson, who pointed out that he and members of the Assembly did not take part in the discussions, said the resolution was an "expression of the unanimous feeling of the delegates (about 300)."

#### The Next Step

"I myself took no part and no member of the assembly took part or participated in the vote," he said.

The next step, he said was for the Assembly to decide what steps to take.

The Assembly he said, "will seek to give effect to the terms of the resolution.

Asked whether the Assembly would seek secession or independence, he said the Assembly's action would be in terms of the resolution.

The Tobago House of Assembly is controlled by the Democratic Action Congress.

CSO: 3025/460



## OPPOSITION EGGS ON SQUATTERS; GOVERNMENT ISSUES HOUSING PLAN

## Alliance Action in Couva

Port-of-Spain TRINIDAD GUARDIAN in English 19 Aug 82 p 7

[Text]

**COUVA:**  
**THE OPPOSITION**  
Alliance of political parties will move into Couva at the car park in the district tomorrow night Friday, to hold a public meeting aimed at mobilising residents of Couva to take over the houses being built for Government in the area.

Opposition Leader, Rep. Basdeo Panday (ULF, Couva North) said yesterday that they are going to raise the issue of the housing development and problems of squatters and the president of the Land Tenants Association Orman Holder has been invited to speak.

"We are committed to one principle — either the people of Couva, particularly the squatters, occupy those 2,000 houses or nobody else will live in them, said Mr Panday.

Since the Government is taking action against squatters it is the responsibility of the Government to house those people and do not throw them on the streets, he stated.

"This is a very serious matter" he warned. "We are going to mobilise the people to take over those houses," he threatened. Meeting time is 7 p.m.

## Emergency Housing Program

Port-of-Spain TRINIDAD GUARDIAN in English 21 Aug 82 p 1

[Text] THE CRITICAL and worsening housing shortage has forced the Ministry of Housing and Resettlement to embark on an emergency housing programme to build five high rise apartment blocks in Port of Spain and outside San Fernando.

Housing and Resettlement Minister Senator Wendell Mottley made the announcement yesterday, disclosing that approximately 1,600 units are to be built from next year, all of them for lower income families earning under \$1,950 a month.

A building on Charlotte and Oxford Streets in Port of Spain will be the first project to start, and simultaneous construction will take place on others at Camp Ogden, Long Circular Road; Powder Magazine, Cocorite; Tarouba; and Embacadre just outside San Fernando.

This emergency programme was separate from the Ministry's ongoing housing programme, said Senator Mottley. In the next few weeks about 1,000 housing units at Bon Air Gardens, Couva and La Horquetta will be given out, but for the rest of the year under 200 new apartment units will be delivered.

Admitting the critical shortage of apartments in the urban areas and the Ministry's inability to raise the rate of apartment construction, Mr Mottley stated that the emergency programme was one measure to ease the pressure.

The possible use of Completely Knocked Down (CKD) or prefabricated houses was also under consideration as another measure to ease the shortage.

This area, however, had not been resolved, and the Minister noted the need to strike a balance between satisfying demand and threatening the jobs of workers in the building industry.

As a precaution against being caught with some of the problems that have affected past construction projects, the Ministry has pre-elected 12 local and foreign contractors with known track records to bid for the emergency housing project.

#### Briefings

Emile Elias and Company and Lange Ballast Contractors are two local groups, and of the others two are from Korea, one each from France, Denmark, Japan, the United States, United Kingdom, Turkey and Brazil.

All of them will be in Trinidad from next week Monday to get detailed briefings before preparing their bids. The lucky company will be closely monitored by a Ministry project management group, which will ensure proper management and supply of materials.

Minister Mottley identified the 12 contractors as companies of proven ability and resources "clearly able to overcome the existing construction constraints in Trinidad."

Tobago is not included in the project because it was felt that the crisis was not as acute as in the urban areas of Trinidad.

Meanwhile the Ministry will continue its normal thrust at shortening the enormous housing backlog, now estimated at over 100,000 units.

Under this programme Emile Elias and Company is building 272 single family units at Valencia, 362 single family units at Malabar and 25 town houses (100 apartments) at Malick.

George Wimpey is putting up five blocks of flats comprising 220 apartments at Morvant and 999 single family and town houses and Bon Air Gardens, Arouca.

Trinidad Home Developers is building 3,500 single family and terrace housing units at La Horquetta and 2,752 single family and apartment type units at

Maloney Lands, Tacarigua, while Westmoorings Ltd puts up 4,000 housing units at Edinburgh, Chaguanas.

Kier Trinidad and several other companies are doing 1,492 single family and town houses at Couva, with Lange Ballast doing the infrastructure.

Trinidad Contractors is doing infrastructure work on 245 acres at Malabar and Dipcon Ltd is handling infrastructure on 21 acres at Agostini Village, Five Rivers.

CSO: 3025/460

FOREIGN TRAVEL BY GOVERNMENT TO BE CUT IN BUDGETARY MOVE

Port-of-Spain TRINIDAD GUARDIAN in English 19 Aug 82 p 1

[Article by Norris Solomon]

[Text] GOVERNMENT is cutting down on foreign travel at all levels in the public service.

The measure involves a close watch on travelling for Ministers of Government, public servants and directors and senior staff of State-owned enterprises or government agencies.

It is aimed at keeping down costs and is part of the austerity measures at keeping a tight national budget and at the same time cut on foreign exchange leaving the country.

Senator Anthony Jacelon, Minister in the Ministry of Finance, told of Government's action while winding up debate in the Senate on the Supplementary and Variation of Appropriation Bills yesterday.

Replying to Opposition and Independent members' charges of increases in the 1982 Budget, he said the overall Budget of the country had been extremely adhered to.

It was wrong to say that Government was not attempting to do something about financial control, he said.

Senator Jacelon said: "We have been cutting down on foreign travel...people going abroad to this conference and that.....

"Some ministries have been told... Don't send any more travel bills," he said.

Travel overseas for Government Ministers and officials usually involves attending conferences and meetings and other aspects of government business.

Minister Jacelon did not give details of expenditure for travel for government officials last year.

However, a check revealed that overall an average of \$10 million to \$15 million monthly is spent on foreign exchange for vacation travel for the whole country. In December last year the figure was \$25 million.

The Supplementary and Variation of Appropriation Bills which were passed in the Senate yesterday provide for increased expenditure of \$511,531,772 on the 1982 Budget, putting it past the \$9 billion mark.

The majority was for increased wages for hourly, daily and weekly rated workers in the government service, local government bodies and Water and Sewerage Authority in the light of new wage agreements.

Drawing attention to the Variation Bill, Senator Jacelon said Government had been extremely strict by ensuring that any additional expenditure only took place in the context of savings, so that the overall budget of the country has been extremely adhered to.

He said: "I can say Government will continue to pursue the policy [word illegible] no additional expenditure under any head unless a savings could be shown by the Ministry involved.

High Standard

Senator Jacelon said he thought that the Variation of Appropriation Bill showed the strict financial control exercised by Government at this time.

He said he was glad to see the Opposition members taking up the stand that the citizens of the country should make a national effort at austerity.

Overall, Senator Jacelon said, he felt that the standard of the debate in the Senate was very high.

Replying to comments during the debate, he said that Centrin was not employed by ISCOTT as a marketing agent or anything else but was a completely privately-owned company which used some of ISCOTT's products.

Earlier Independent Senator Ashford Sinanan had referred to the situation at the San Fernando General Hospital reiterating some of the problems outlined by Senator Dr. Percival Harnarayan the day before.

Senator Sinanan said: "There must be some system where you could have independent people, members of the public, functioning as a permanent body with respect to the hospitals.

He said that he did not like the way people had to provide their own linens and medicines at the hospital.

On the judiciary, he said there were magistrates with integrity who could easily become judges of the High Court. He felt some effort should be made to recruit judges from there region.

CSO: 3025/461

## 'GUARDIAN' NOTES DEFICIT IN BANK'S ECONOMIC REPORT

FL141900 Bridgetown CANA in English 1815 GMT 14 Sep 82

[Text] Port-of-Spain, Trinidad, 14 Sep (CANA)--The Trinidad and Tobago Government has had its worst fiscal operations in the petro-dollars years, recording a deficit of more than 1.4 billion dollars (1 TT dollar ; 41 cents U.S.) in the first six months of the year, according to newspaper reports here.

The GUARDIAN newspaper reported that this significant increase in expenditure over revenues was 1.2 billion dollars larger than that for the corresponding period last year.

Quoting figures from the Central Bank's quarterly economic bulletin, the report said that the deficit for the first six months last year was 225.1 million dollars, for the corresponding period in 1980 it was 338.2 million and that for this year [it was] 1.43 billion dollars.

The bulletin indicated that the deficit was really felt in the second quarter of 1982 and that by the end of May, it was more than double that of the corresponding period last year. The deficit for the second quarter amounted to 464.2 million dollars.

Backpay for the country's 52,000 civil servants was chiefly responsible for the dramatic increase in recurrent expenditure. Retroactive payments to civil servants began towards the end of the first quarter--the end of March--and reportedly totalled more than 400 million dollars.

This represents an across-the-board increase of 115 dollars monthly plus a 37 percent increase for the whole of 1981 in addition to 11 [and] ½ percent increase for 1982.

Civil servants will get an additional 10.5 percent increase next year. The salary bill for civil servants is now well over two billion dollars annually.

Last month, parliament approved an appropriation of more than 500 million dollars to meet the bigger wage bill for government's daily paid workers.

In March, the Central Bank's bulletin, after analysing the fiscal operations for the first three months of the year, using the 1982 budget's estimates of expenditure and revenue, forecast that there would be an overall deficit of two billion dollars this year.

It stated then that "the performance of the Trinidad and Tobago economy during the second quarter of 1980 was, at best, indifferent," adding that while "there were favourable movements in certain key variables, other indicators suggested that the economy was beginning to weaken in important areas."

Noting that the output of petroleum and sugar--the main export commodities--were continuing to decline, the publication pointed out that the sugar industry recorded its "lowest production level since 1944--79,965 tonnes."

If crude oil production, which dropped by six percent in the first six months over last year's figure remained at this level, it would result in the lowest production since 1973, the Central Bank said.

Trade figures released by the Central [Bank's] statistical office last month showed that exports by the petroleum sector, for the first quarter, decreased by 286 million dollars when compared with the corresponding period last year.

There was also an adverse balance of trade for the first quarter of 270 million dollars compared to a favourable balance of trade of 507 million dollars for the first quarter of 1981.

According to the bank, government receipts during the second quarter of 1982 totalled 2.2 billion dollars, bringing total receipts for the year to more than 3.1 billion dollars.

This, however, was 6.6 percent below the figure for the corresponding period last year.

The bank pointed out that receipts in the second quarter was augmented by the transfer of 233.4 million to the consolidated fund and by final payments in respect of income earned in 1981 by some oil companies.

The 233.4 million dollars transferred to the consolidated fund represented the Central Bank's surplus on its 1981 operations.

Government's balance sheet, as regardless its fiscal operations, indicates that expenditure for the first six months of this year totalled 4.56 billion dollars. Expenditure for the second quarter amounted to more than 2.72 billion dollars, while the total national debt rose to 1.85 billion dollars and the net reserves stood at 7.2 billion dollars.

CSO: 3025/1154

CARONI DENIES NESTLE CHARGE OF SUGAR SHORTAGE

Port-of-Spain TRINIDAD GUARDIAN in English 20 Aug 82 p 7

[Text] A SENIOR official of State-owned Caroni (1975) Limited yesterday expressed surprise to hear that Trinidad Food Products Limited (Nestle) sweetened condensed milk section has a shortage of granulated sugar.

A spokesman for Caroni said that he checked with the company yesterday morning only to learn that the factory was in operation and that there was no shortage.

He said that the company was supplied with eight containers of granulated sugar this week and they are to get another four containers next week.

The official said that ships which brought in sugar from Canada were at the Port-of-Spain harbour but could not off-load because of some problems on the docks.

Short Supply

Before importing sugar, Caroni always contacts the larger business firms and gets orders from them so as to import sufficient sugar.

At the moment the company also has sufficient sugar stored at its refinery, therefore there should be no shortage whether to the larger users or to supermarkets and smaller business firms.

In other words, there is no shortage of granulated sugar in the country, said the spokesman.

When contacted, a spokesman for the Trinidad Food Products Limited (Nestle) confirmed that the sweetened condensed milk plant had indeed resumed production on the understanding that there will be a continuous supply of granulated sugar.

The plant uses one container per day; and it is because only 10 containers were received over the past month ending last week that production had to be halted.

The spokesman stressed that unless there is an assured supply of granulated sugar there will be a continuous rescheduling of workers, as well as financial inconvenience for the company.



## CONTROVERSY SURROUNDS AIRPORT RUNWAY, PRISON CONTRACTS

## Problems at Airport

Port-of-Spain TRINIDAD GUARDIAN in English 20 Aug 82 p 1

[Text]

PIARCO and Crown Point airport runways are to be rehabilitated at a cost of \$23.2 million under a joint venture contract between MBL of Canada and Alves Construction Company of Trinidad and Tobago.

In disclosing this at the formal opening of the restaurant complex at the Piarco International Airport, National Transportation Minister, Senator John Eckstein, said problems had developed which delayed start of work.

But he told the large audience on Wednesday:

"These difficulties are being looked into and, hopefully, the contractors will soon be able to start the actual construction phase of the project."

Minister Eckstein said to improve areas where planes parked another \$4.1 million contract was awarded to Trinidad Contractors Limited to construct three parking positions suitable for wide-bodied aircraft.

The contract also takes in refurbishing the east and west taxiways and the area in front of the fire station.

He added:

"Work on this project is proceeding very well. The three ramp positions have already been completed and are in use. The expected completion date of the other work is November 30, 1982."

The Minister touched on several other initiatives being undertaken by Government to make the Piarco International Airport functionally efficient and generally more aesthetically pleasing.

## DOG MENACE

Work he continued, was scheduled for completion at the end of 1982, of a third car park was being constructed to provide some 180 additional parking spaces.

He conceded that to bring their planes safely, pilots required a whole host of navigational aids and telecommunications equipment.

On this score he revealed:

"These are technical areas and I do not want to burden you with too many details. But I hasten to give the assurance that my Ministry regards these areas deserving of the most urgent attention, and we are therefore working towards ensuring that improvements are effected in the shortest possible time frame.

"Another area to which considerable attention has been directed, is the improvement of the general environment at the airport. To this end the grounds, all 600 acres, have

been cut, the Solid Waste Management Company engaged to dispose of solid and liquid waste, the Maintenance Training and Security Company consulted on the selection of equipment, suitable for cleaning the airport buildings, grounds, etc.

"The stray dog menace has been disposed of."

Another area of action the Minister touched on was security at Piarco Airport.

He said in an effort to establish a vibrant and effective force, senior

officers have been selected and 45 of the 120 persons trained at the Police College are now undergoing airport security training.

Minister Eckstein emphasised:

"These brief comments, hopefully, provided the background against which one could view the activities here this evening, not as an isolated event, but as one more tangible demonstration of the Government's commitment to improving the facilities at Piarco."

#### Prison Contract Row

Port-of-Spain TRINIDAD GUARDIAN in English 20 Aug 82 p 1

[Text] LOCAL architects, planners and engineers have won "round one" in another nationals-against-foreigners was produced by the government-to-government arrangements, this time involving the Golden Grove Prison Complex.

In announcing "victory" in the quietly fought battle, a spokesman for the "victors" warned yesterday of attempts to subvert the national interest in favour of foreign governments.

The episode started last month when representatives of Engineering Consultants (ENCO) and Plan Bar, a group of architects and planners, vigorously protested to the Ministry of National Security, steps taken by a Canadian outfit Concordia, to extend the closing date for tendering on an electrical sub-contract at the complex.

Concordia was recruited under the government-to-government arrangements as Project Managers for the entire project, which involves the hiring of firms to undertake actual construction.

ENCO, one of the local consultancy firms on the project wrote Plan Bar threatening to pull out if Concordia was allowed to have the date extended.

Part of the letter stated:

"We find the whole subject of tendering as being handled by Concordia to be questionable and unethical and as such would prefer not to be a party of this system.

"As a result we very reluctantly withdraw our services from this project unless of course the situation can be favourable resolved."

Not Consulted

ENCO further charged that Concordia attempted to get from local bidders the likely tender price they would submit--before actually submitting their bids.

Closing date was July 27, but Concordia told local contractors--without first consulting the local project consultants--that the date would be extended to September 8, 1982.

ENCO, the electrical and mechanical design consultants for the project, further claimed "we were not consulted on the extension nor on the change of the document to lump-sum pricing."

The firm added:

"None of the local contractors have requested extension of time. In addition one of the tenderers was told that the tender document is to be changed to reflect a lump-sum bid instead of using the already prepared bills of quantities."

The contract is for electrical work on the youth training centre phase of the complex and according to one of the local firms, the job--not yet awarded--was a hefty one.

Plan Bar then dashed off a letter to the National Security Ministry requesting an urgent meeting to resolve the matter.

Plan Bar also said Concordia's action was having an adverse effect on the relationship with the local consultants.

The local source pointed out yesterday:

"As we told the official in the Ministry of National Security we got the distinct impression that Concordia unilaterally attempted to change the deadline date to facilitate a Canadian firm.

"Obviously they wanted that company to make a lower bid hence the reason why they asked local contractors to give them an idea of how much they were bidding.

Plan Bar also complained about the "illegality of seeking to extend the extension date by telephone when neither party can be properly identified."

The meeting did come off and, according to reports, Concordia backed down on the plan to extend the date.

But the source explained yesterday:

"If we were not man enough to stand up to these people yet another blow would have been registered against our national pride. It is patently clear that Concordia wanted to bring in another of their Canadian counterparts when we have people here to do the job.

"Under this government-to-government arrangement the firms with the major contracts attempt to bring into this country other firms operating in their respective countries and they do this using a lot of subversive means.

## No Direct Contact

"In this case we fought them off and came out winner in this round.

"We the local consultants and sub-contractors are the true representatives of the people of Trinidad and Tobago even though we are employed by foreigners on behalf of the government of Trinidad and Tobago in Trinidad and Tobago.

"We have been trying to meet representatives of the Government of our own country to explain to them what is happening but to no avail..we really want to discuss the unsavoury aspects of these arrangements but we cannot set up any meetings--in our own country with our own government."

Pointing out that they (local firms) had no direct contact with government officials--very much unlike the foreign firms--the source beamed:

We have won round one in this ongoing battle between the foreign firms and the only way we can emerge final victors--the country and people--is to keep eternal vigilance at all stages..."

Efforts were made yesterday to get Concordia's side of the story but the "Guardian" was unable to make contact with the firm's officials.

CSO: 3025/460

## BRIEFS

NEW CANADIAN ENVOY--NEW Canadian High Commissioner to Trinidad and Tobago is Mr. Joe B. Bisset. He replaces Mr. Paul Laberge who has been appointed Ambassador to Algeria. Mr. Bisset, 50, is expected to arrive in Trinidad during the latter part of this month. He has a B.A. degree in History from the University of Manitoba and an M.A. in Public Administration from Carleton University. Mr. Bisset joined the Canadian Department of Manpower and Immigration in 1956, was Counsellor at the Canadian High Commission in London from 1972 to 1974 and Director General of the Foreign Service Branch of the Canadian Immigration Service from 1974 to 1976 and from 1977 to 1981. Since 1981 he has been Assistant Under-Secretary for Immigration Affairs at Headquarters. [Port-of-Spain TRINIDAD GUARDIAN in English 19 Aug 82 p 1]

DEFICIT TRADE BALANCE--TRINIDAD and Tobago had an adverse balance of visible trade of \$50 million for the month of March 1982, as compared to a favourable balance of \$179 million for March last year. Preliminary reports published by the Central Statistical Office show that in March this year imports were valued at \$718 million, and exports \$668. Last year imports were valued \$587 and exports \$766 million. Looking at figures for the first three months of 1982, the figures show an adverse balance of trade of \$270 million, with the 1981 statistics showing a favourable balance of \$507 million over the same period. Actual figures for January to March 1982 are \$2,100 million imports and \$1,882 million exports, and for 1981 it was \$1,663 million imports and exports \$2,170 million. Details of the movement include an increase in January to March 1982 of imports of machinery and transport equipment (\$164 million), mineral fuels, lubricants and related materials (\$148 million) and manufactured goods (\$94 million). For the same period exports of mineral fuels, lubricants and related materials fell by \$296 million, food and live animals by \$34 million over the 1981 figures, while chemicals went up by \$20 million and manufactured goods by \$7 million. In the first three months of this year petroleum sector accounted for 33.9 per cent of total imports and 91.2 per cent of total exports, that is \$712 million of imports and \$1,715 million of the exports. In the Caricom area imports for March 1982 were \$27 million and exports \$37 million, and for the January to March period \$66 million and \$122 million respectively. Petroleum products dominated the export picture, and if petroleum was excluded exports for March this year was just \$10 million and for January to March \$27 million. [Port-of-Spain TRINIDAD GUARDIAN in English 20 Aug 82 p 4]

CARONI SUGAR LAYOFFS--CARONI LTD has laid off hundreds of seasonal and casual workers The All Trinidad Sugar and General Workers Trade Union said yesterday. Basdeo Panday president general said the Union was informed by the workers of the laying off which started last Friday. No reason was given by the company, he said. Mr. Panday is seeking a meeting with the company to discuss the matter. The company was unavailable for comment yesterday. Sam Maharajh, general secretary of the Union has accused the company of blatant disregard for the Union. The Union was not informed of the labour problem and he was not surprised by the company's action. He could not say how many workers were now out of jobs. The workers were employed in planting cane, frog hopper spraying and other jobs on the cultivation fields. Mr. Maharajh said: "We don't know which way the sugar industry is going. Even management does not know for they are frustrated too." He issued a call to Government to make a statement on the matter before the start of the next harvest. [Port-of-Spain TRINIDAD GUARDIAN in English 19 Aug 82 p 7]

GOVERNMENT CUTS SUBSIDIES--Port-of-Spain, Trinidad, 10 Sep (CANA)--The Trinidad and Tobago Government has drastically slashed its subsidy on locally produced sugar, pushing up the price of supplies sold to manufacturers here by as much as 357 per cent. The hike--it so far has not applied to retail prices--was announced in the official gazette. Government sources said the subsidy had kept sugar prices at a "ridiculous" level, and that an increase in the prices to be paid by consumers was also in the offing. In 1981, government was estimated to have spent about 77 million dollars subsidising sugar. [FL101810 Bridgetown CANA in English 1746 GMT 10 Sep 82 FL]

FOREIGN TRADE--Port-of-Spain, Trinidad, 15 Sep (CANA)--Trinidad and Tobago recorded a favourable balance of visible trade amounting to 1,349 million dollars for the first six months of 1981, according to latest official figures from the Central Statistical Office (CSO). Imports for the January to June period totalled 3,110 million dollars, while exports for the same period, mainly petroleum products, amounted to 4,459 million dollars (one TT dollar ; 41 cents U.S.). At the end of the 1981 first quarter the favourable balance was 534 million dollars, while for the second quarter--April to June last year--it climbed to 815 million dollars. According to the report, total assets of the Central Bank at the end of the 1981 second quarter amounted to 6,687 million dollars--an increase of 318.2 million dollars, or five percent over the figure the first quarter. Total assets of commercial banks increased by 6.1 percent, from 5,256.2 million dollars, at the end of the first quarter in 1981, and by 5.2 percent to 5,867.6 million dollars at the end of the second quarter in last year. [Text] [FL160245 Bridgetown CANA in English 2207 GMT 15 Sep 82 FL]

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